2012 ANNUAL REPORT

SaskGaming

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Year at a glance

Financial Facts	**$ millions**
Revenue	137.2
Income before payment to the GRF	52.6

Where does the money go?

Payments to the GRF to fulfill commitments to the Community Initiatives Fund and First Nations Trust	26.3
Dividend paid to CIC to support other priorities of government	21.0
Capital expenditures	5.2
Payroll and benefits	42.5
Purchases from Saskatchewan businesses	25.0
Municipal Taxes	1.6
Sponsorships and community giving	0.7
Payments to Regina Exhibition Association and Moose Jaw Exhibition Company (contractual obligation)	3.0

Other facts:

Guests served:

Total attendance

- Casino Moose Jaw: 779,413
- Casino Regina: 2,845,828

Average daily attendance

- Casino Moose Jaw: 2,147
- Casino Regina: 7,840

Slot machines	1,057
Table games	26
Poker tables	14
Employees	969
Aboriginal representation	41%

SaskGaming websites: www.casinoregina.com
www.casinomoosejaw.com

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Letter of Transmittal

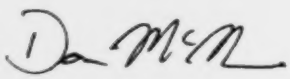
March, 2013

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

May it please Your Honour:

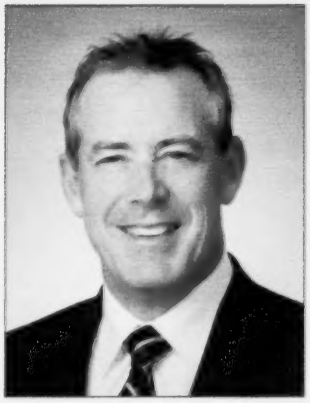
I respectfully submit herewith the Annual Report of the Saskatchewan Gaming Corporation for the year ended December 31, 2012, in accordance with *The Saskatchewan Gaming Corporation Act*. The Financial Statements are in the form approved by the Treasury Board and have been duly certified by the auditors for the Saskatchewan Gaming Corporation.

Respectfully submitted,



Honourable Don McMorris
Minister Responsible for Saskatchewan Gaming Corporation

Minister's Letter



I was appointed Minister Responsible for Saskatchewan Gaming Corporation in May 2012 and was pleased to see the significant pride the corporation takes in offering a responsible gaming experience that generates quality employment and economic benefits for the Saskatchewan public.

SaskGaming demonstrates its commitment to corporate social responsibility through its efforts to apply leading-edge responsible gaming practices. Its community relations activities included sponsorships and community giving valued at more than $737,000. Its effort is enhanced by community-minded employees who dedicate time and provide financial assistance to local charities.

The corporation stands as a strong example of public sector employment diversity. Forty-one per cent of its workforce is comprised of people of Aboriginal descent, five per cent are persons with disabilities and thirteen per cent are visible minorities. It offers competitive salaries and benefits to people interested in building a career in the hospitality or gaming industry.

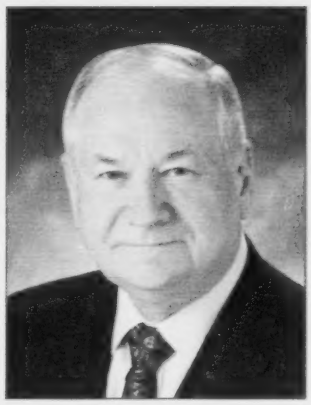
SaskGaming's profits contribute millions of dollars to Saskatchewan communities. As prescribed by *The Saskatchewan Gaming Corporation Act*, each year 50 per cent of net income flows to the General Revenue Fund to fulfill government commitments to the First Nations Trust, and the Community Initiatives Fund. Additionally, SaskGaming pays an annual dividend to the Crown Investments Corporation, which supports other priorities of government. It also makes significant contributions to the private sector with purchases of supplies and services that support operations.

Through the considerable efforts of the Board of Directors and the employees of SaskGaming, the corporation has once again delivered contributions that benefit Saskatchewan people.

Respectfully submitted,

Honourable Don McMorris
Minister Responsible for
Saskatchewan Gaming Corporation

Message from the Chair



In 2012, the Board focused on its role to provide leadership and direction to management in support of its goals for guest experience excellence, employee experience excellence, social responsibility, and corporate sustainability. Management delivered a commendable performance achieving most of its goals, including targets for Income before Payment to the General Revenue Fund.

The Board was pleased with corporate efforts to achieve efficiency and greater effectiveness, while maintaining its standards for guest service excellence. By taking advantage of technology, SaskGaming has been able to enhance its gaming products, improve on methods to offer guest services, and automate many of its employee services.

On behalf of the Board of Directors, I want to take this opportunity to recognize the significant efforts of Lindsey Kequahtooway, Dr. Ron Martin and Kevin Missens who left the Board during 2012. Their contributions contributed greatly to corporate governance activities and will have a lasting impact. We welcomed Patricia Thomson, Chief Michael Starr and Terry Lavallee to the Board of Directors in February. On behalf of the Board of Directors, it is my pleasure to extend my congratulations to the management and staff of SaskGaming for their achievements in 2012.

Wes Becker
Chair

Message from the President and CEO

SaskGaming made significant progress in refining its casino operations, strategic business planning, project management and risk management processes during 2012. The focus for the year was to modernize our gaming operations in a strategic manner that considers technological solutions to support increased efficiency and effectiveness.

Our door count increased by 2.4 per cent over 2011, demonstrating guest loyalty that has been a key to the success of our casinos. Event highlights for the year included the celebration of the 10th Anniversary of Casino Moose Jaw and the Charity Royale community fundraising event at Casino Regina.

We increased the number of slot machines available to support high traffic periods at Casino Regina, and have plans in place to do the same at Casino Moose Jaw in 2013. Additional operational improvements made at Casino Regina included centralized cash desks, an automated parking system, and a new ticketing system for the Show Lounge. During the year, the information technology data centre was successfully migrated to a state-of-the-art facility that has reduced risk and better accommodates technological change.

Our efforts to increase employee satisfaction were bolstered with a new core training program and increased emphasis on employee communications. A new automated attendance system was launched which supports payroll, administration and employee access to their personal information. We also established new recruitment and retention efforts to help us achieve our targets for Aboriginal representation.

Our financial performance remains solid. The gaming industry in Canada has generally reached a mature stage in the market cycle. Like others in the industry, Casino Regina and Casino Moose Jaw are both well-established businesses and will experience relatively slow revenue growth in comparison to previous years. In 2012, our focus was on efficiency and effectiveness. As a result, Net Income before Payment to the General Revenue Fund was $52.6 million. This represents a slight increase over the $51.7 million attained in 2011.

The executive team is thankful to employees for the considerable effort they make in delivering outstanding gaming entertainment in a socially responsible manner. We all take pride in our diverse workforce and the profit we create for Saskatchewan people in partnership with First Nations. I would also like to thank the Board of Directors for their commitment and guidance in support of the corporation's success.

Twyla Meredith, CMA, FCMA
President and CEO

SaskGaming Year in Review

Guest Experience

With guest visits exceeding 3.6 million people at our casinos, we took every opportunity to offer an outstanding guest experience with our products, guest service delivery and our casino properties.

We focused on modernizing the gaming floor. To meet guest demand in peak periods, we added 62 new slot machines to the gaming floor in 2012 and will add an additional 54 in 2013. The selection of games has been enhanced and new machines offer wider screens and more dynamic functionality for guests.

Casino Moose Jaw now offers five table games including Roulette (double zero), Blackjack and 3 Card Poker. Casino Regina now has 21 table games including Blackjack, Roulette (single zero) Baccarat, 3 Card Poker, Texas Hold'Em Bonus and Craps. Additionally, at Casino Regina there are eight poker tables in the poker room and six poker tournament tables in the tournament room. During the year, we also installed six Touch Bet Roulette terminals at Casino Regina allowing additional players to participate in live roulette games.

We kept ahead of the curve by preparing for new polymer currency with software changes in our slot machines, ticket redemption machines, automated teller machines, and automated count machines. Additionally, we improved guest comfort and safety with software and equipment enhancements that control and monitor heating, ventilation, air conditioning and security access to our properties.

At Casino Regina, we made changes to the floor, creating additional room for guests by closing a bank on the West side of the floor in favour of centralized cash desks. We also added three additional automated ticket redemption machines and automated the parking system to improve convenience for guests.

We are always entertaining at the Casino Regina Show Lounge. The 716-seat theatre delivered exciting performances with 205 events entertaining more than 80,000 people this year. Major acts that appeared at the Show Lounge included Chicago, Charlie Pride, and George Thoroughgood. We also upgraded our Show Lounge ticketing system to provide more options for guests, including the opportunity to pick seats online and print tickets at home.

In 2012, marketing activities included a return of the "More Fun Here" multimedia advertising campaign and significant promotional activity including Hidden Treasure, Golden Ticket and the return of our popular Royal Treatment promotions. Tourism programs offered in partnership with local hotels and organizations include the popular Regina Stay & Play program and the Moose Jaw Getaway.

We provide our guests the opportunity to tell us how we did through quarterly mystery shopper surveys providing us feedback on our service. Guests can also provide us comment cards and write to us through the "contact us" tab on our website. Here are a couple of comments we have received on our services:

"We were in a huge rush. Our wonderful server made sure we were out of there quick and took superb care of us" (food and beverage customer comment)

"...took the time to provide extensive information...made me feel welcome in what might otherwise be uncomfortable circumstances" (responsible gaming mystery shopper)

Our guests enjoy our connection to heritage and community. Casino Regina is proud to operate in a 100 year-old heritage property, which was formerly the CPR Union Train Station. To preserve this unique property, our maintenance activity included an investment of more than $650,000 in repairs to the exterior stone veneer façade. We also upgraded the ambience of Casino Regina with improved exterior lighting, and a music program tailored to customer preferences.

The 10th anniversary of Casino Moose Jaw this year gave us a chance to reflect on the casino's contribution to Moose Jaw's tourism industry and heritage. The property's interior and exterior walls feature 20 wall murals commemorating Moose Jaw's proud history. More than 3,700 visitors came to help us celebrate on the 6th of September. The strong attendance was in large part due to a promotion designed as part of an employee contest. The winner, slot attendant Al LeMoignan, stated "this was an awesome opportunity for employees to get involved in an important promotion that led to incredible guest participation." Mr. LeMoignan won a $250 recognition award for his effort which he donated to the "MS Walk."

Employee Experience

We are committed to offering an excellent work experience to employees. The average age of employees at SaskGaming is 40, demonstrating a relatively youthful workforce. We are proud to offer work experience and training that benefits people who start their careers at SaskGaming and often move on to other opportunities.

SaskGaming is proud to have the highest percentage of Aboriginal employees in the Crown sector, and devotes considerable effort to recruit, retain and develop Aboriginal employees. Recruitment activities target community agencies and post-secondary institutions. We also have an internal Aboriginal Employees Network that supports Aboriginal employees in the workplace.

In 2012, we refined our training, orientation and communication efforts to help employees deliver excellent guest service. Our guest service strategy remains an integral part of our operations with standards built into job descriptions and reinforced as part of performance appraisals.

During the year, we adopted an automated time and attendance management system which has improved the integrity of payroll administration and increased accuracy and efficiency in processing leave and attendance. It also gives employees direct access to scheduling and attendance information online and contributes to our environmental efforts by curtailing the use of paper for scheduling and attendance management.

We conduct a bi-annual employee satisfaction survey which guides us in developing practical solutions that will contribute to improved employee satisfaction. Results from our 2012 survey supported our decision to focus on providing managers with the tools and training they need to enhance their leadership role and coaching skills. This training program will continue to be a significant focus for 2013.

In 2012, we introduced a core training program designed to help employees succeed in our unique business environment. Core training now includes modules on orientation, access to information and privacy, health and safety, diversity and inclusion, and respect. We have various levels of core training designed to help employees recognize red flag gaming behaviour to support responsible gaming.

We also have a detailed training program designed to help employees identify and report on activities prescribed in the Proceeds of Crime (money laundering) and Terrorist Financing Act and regulations.

We hosted our annual Staff Forum which provides an opportunity to communicate with employees about corporate strategies and projects. The Forum provides a valuable opportunity for management to seek input from employees and to share information about corporate and industry direction. Employee comments indicated they appreciated the opportunity to mingle and collaborate at the event:

"It's nice to get information from presentations by different department heads."

"It is informative and refreshing to talk with other departments and managers."

Various divisions of our organization continued to develop their own knowledge and skill-based training programs. Customers enjoy the skills demonstrated by our dealers as a result of in-house training. Slot attendants job shadow for approximately two weeks while completing core training to help orient them in their mission to provide excellent service to guests.

Staff involved in entertainment services and guest relations offer a wide array of services such as driving our shuttle buses, managing guest services or operating the light and sound in the Casino Regina Show Lounge. Their training is both specialized and gained on the job.

Our food and beverage team takes great pride in the certified Red Seal Chefs who prepare menus and food at our casino properties. Employees involved in food and beverage service are trained on responsible service of alcohol and food safety.

Standard training requirements for security personnel include first aid, defensive tactics, report writing, emergency procedures, witness preparation, and the rights and authority of private security. In 2012, St. John's Ambulance provided seven members of our staff with awards or certificates, recognizing their life saving efforts by applying their first aid knowledge to assist customers in distress.

Social Responsibility

SaskGaming's corporate social responsibility framework includes practices that support responsible gaming, the safety of employees and guests, security of assets, fairness and dignity for employees and community relations.

Our casinos apply leading-edge industry practices for responsible gaming. Information centres are located at both casinos. Our mandatory responsible gaming training gives staff the skills to recognize potential signs of problem gaming and help guests find information and resources to make responsible choices about their play. Guests have the option to enrol in a self-exclusion program and are referred to health services where appropriate. Responsible gaming informational messages are available at multiple locations within the casinos.

To ensure the safety of guests, employee and assets, we have more than 500 cameras monitoring the interior and exterior of our properties 24 hours a day. We support our security and surveillance staff in maintaining a high level of awareness of best practices in security and maintain a working relationship with law enforcement agencies and regulators to monitor current trends on travelling criminals, criminal/gang activity and crime.

Fairness and respect to our diverse workforce is critical to our operations. Our training and orientation programs are designed to ensure a high awareness of our corporate values. We offer a strong benefits package including wellness programs, free parking, and employee recognition programs.

We support the communities where we operate. In Regina and Moose Jaw we are a major employer and our casinos are destination venues. Good corporate citizenship is important to us. In 2012, we provided 105 community organizations cash donations, sponsorship and in- kind support valued at over $737,000.

Major events sponsored through the year include the Labour Day Classic Roughrider Game, the Aboriginal People Television Network's Aboriginal Day Live Concert, and the Moose Jaw Charity Road Race. Our philanthropic community-giving activities included donations to Regina and Moose Jaw Food Banks.

We also supported employee charity efforts by matching employee fundraising or supporting volunteer activities with charitable organizations including the United Way's Day of Caring, the Relay for Life, and the Salvation Army Adopt-a-Family Program. Paulette Turcotte, Security Services Coordinator points out, "It encourages us when SaskGaming supports our efforts to community giving activities."

We dedicate a portion of our sponsorship and community giving to events or organizations that profile or benefit Aboriginal people. In 2012, more than 25 per cent of our sponsorship spending was allocated to this effort.

A Sustainable Future

SaskGaming incorporates good governance, integrity and sound management practices to ensure it can continue to generate profits for Saskatchewan communities.

While continuing to seek revenue growth, we have taken steps to keep expenses in check. Technological and operational changes were made during 2012 to realize efficiencies which helped SaskGaming achieve its net income target.

Integrity matters in our corporation. We conduct independent testing and verification to ensure our games are fair and honest and that they meet provincially regulated standards. Integrity and respect are important components to employee orientation and guest service training.

Our regulatory compliance and risk management regime ensures the protection of corporate assets and reputation, and helps us to mitigate our risks. We train our staff to identify suspicious activities and have policies and processes in place to support them in detecting, preventing and reporting on activities that may be related to money laundering, suspicious transactions and other threats inherent in cash transactions.

SaskGaming is committed to focused and systematic risk management as an essential component of all decision-making. The corporation's Enterprise Risk Management Program enables strategic operational, reputation, reporting and compliance risks to be identified and mitigated where necessary. A risk assessment is conducted on significant projects along with risk treatment plans. Our policy and framework features risk identification and formalized action plans for corporate wide risks. It is transparent in its approach to risk management and includes disclosure in its annual reporting.

We consider the social and economic impact of our decisions on other organizations and have regard for their interests in our activities. We work with the hotel, tourism and economic development agencies to support tourism and economic growth for our communities. We collaborate with health care providers and other gaming operators when considering developments in responsible gaming. We maintain relationships with provincial and federal law enforcement agencies and regulators to maintain a high level of security and integrity with our gaming operations.

Mandate and Powers of the Corporation

The Saskatchewan Gaming Corporation (SaskGaming) was established as a Treasury Board Crown Corporation under *The Saskatchewan Gaming Corporation Act*. Effective April 1, 2008, SaskGaming became a Crown Investment Corporation (CIC) Crown.

SaskGaming operates Casino Regina (CR) and Casino Moose Jaw (CMJ) under the regulatory authority of the Saskatchewan Liquor and Gaming Authority (SLGA). SaskGaming also operates in accordance with statutory provisions established under Section 207 of the Criminal Code of Canada and *The Alcohol and Gaming Regulation Act*. As well, *The Saskatchewan Gaming Corporation Casino Regulations*, govern the day to day operating practices at Casino Regina and Casino Moose Jaw.

SaskGaming is required to pay 50 per cent of its net profit to the General Revenue Fund to meet the Government's obligations to the First Nations Trust, the Community Initiatives Fund (CIF) and the Métis Development Fund. In addition, SaskGaming pays dividends to the Crown Investment Corporation. SaskGaming is responsible to the Government of Saskatchewan through a Minister and Board of Directors appointed by Cabinet. The Board is comprised of seven members, three of whom are nominated by the Federation of Saskatchewan Indian Nations (FSIN).

Vision

SaskGaming is the recognized leader in providing gaming entertainment.

Mission

We offer outstanding gaming entertainment for our guests in a socially responsible manner, generating quality employment, economic benefit to the community, and profit for Saskatchewan people in partnership with First Nations.

Values

- Respect: We embrace diverse backgrounds. People matter and we treat everyone as we expect to be treated.
- Integrity: We are honest, fair and honour our commitments. We accept responsibility for our actions, both personally and professionally.
- Passion: We feel strongly about achieving our goals and it shows in our enthusiasm for everything we say and do.
- Innovation: We are committed to continuously improve our products, processes, skills and knowledge. To remain competitive we continually improve all aspects of the business.

Distribution of Funds

- SaskGaming pays 50 per cent of its profits to the General Revenue Fund (GRF) to fulfill the government's legislated commitment to the First Nations Trust and the Community Initiatives Fund (CIF) as outlined in *The Saskatchewan Gaming Corporation Act*.
    - The CIF is overseen by the Ministry of Parks, Culture and Sport and provides grants to initiatives that enhance human development and community vitality.
        - By agreement, a percentage of the funds established for the Community Initiatives Fund is provided by the GRF to the Métis Development Fund, also known as the Clarence Campeau Development Fund (CCDF). Its mission is to improve the economic circumstances of Saskatchewan's Métis people by providing funding for business development, community economic development, development of management skills and assistance to new and existing Métis owned businesses.
        - This agreement specifies an 80/20 split (CIF/CCDF) on the first $10 million and an equal share (50/50) of any remaining revenues.
    - The First Nations Trust distributes funding to all First Nations in the province and requires these funds to be spent on economic development, social development, justice, educational development, recreational facilities development and operation, senior and youth programs, cultural development, community infrastructure, health initiatives and other charitable purposes.
- The remaining 50 per cent is available for dividend distribution through CIC for other priorities of government. The unused portion of the remaining amount is retained by SaskGaming for future needs.

SaskGaming is proud to sponsor the George Reed Golf Tournament for the Saskatchewan Special Olympics.

This is just one example of SaskGaming's commitment to community relations. George Reed is SaskGaming's Director of Guest and Community Relations. The legendary Saskatchewan Roughrider alumni is well-known for championing community events that make a difference.

Management's Discussion and Analysis

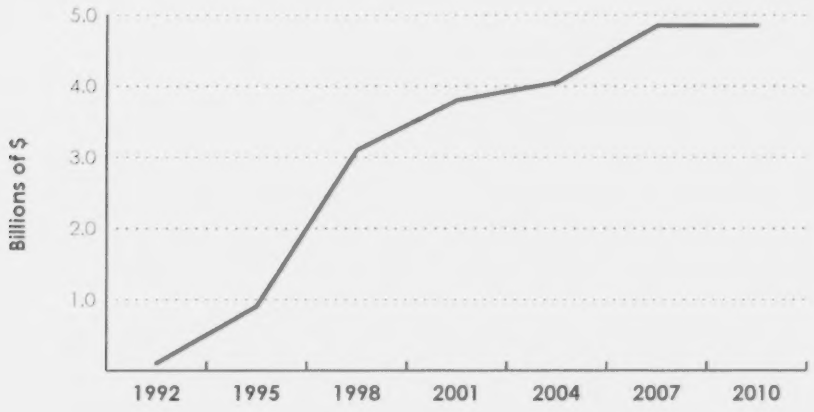
This Management Discussion and Analysis (MD&A) highlights the primary factors that impacted SaskGaming's results for the period ending December 31, 2012. The MD&A should be read in conjunction with the audited financial statements and accompanying notes. Using financial and operational results as its basis, the MD&A enables readers to view SaskGaming's past and future performance from the perspective of management.

The following discussion includes forward looking statements about the corporate direction and financial objectives of SaskGaming. Due to the risks inherent in any forecast, actual results could differ markedly from those anticipated. Forward looking statements reflect SaskGaming best estimates and assumptions based on information available at the time the statements were made.

The Canadian Gaming Industry

Industry life cycles typically have four stages: introduction, growth, maturity and decline. Each stage's name is related to revenue growth with high rates of growth in the introduction and growth stages. Mature markets are marked by modest revenue growth while the declining stage sees negative revenue growth. The graph below illustrates that government-owned 'bricks and mortar' casinos in Canada, given current revenue growth, are clearly within the mature stage of the industry life cycle.

Government-Run Casino Net Revenue Canada



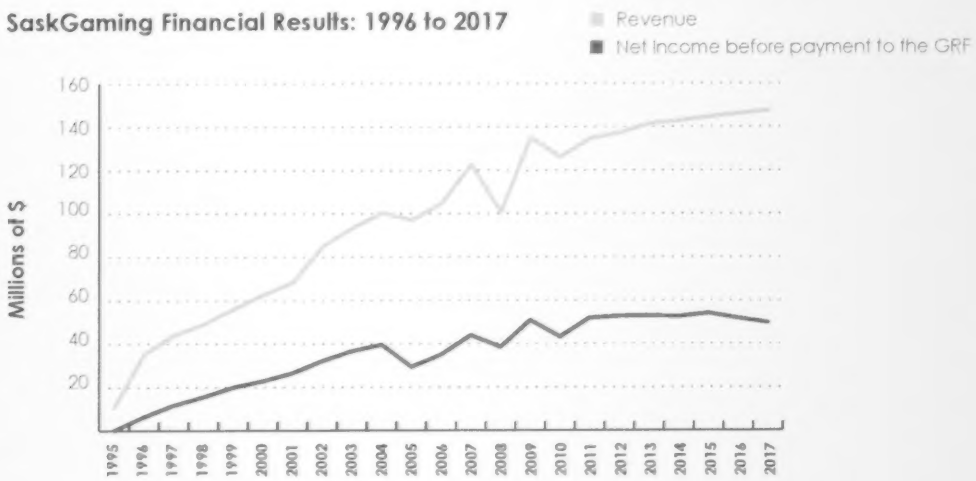
Source: Statistics Canada's Perspectives on Labour and Income: Gambling 2011, September 2011, p.4

The graph below illustrates that SaskGaming has seen revenues grow from $10.7 million in 1996 to $137.2 million in 2012. It also demonstrates the impact of specific events in some years including:

- The opening of the Casino Regina Show Lounge in 2001 and Casino Moose Jaw in 2002. Both events contributed positively to net revenue;
- An upgrade to the provincial VLT network managed by Saskatchewan Liquor and Gaming Authority (SLGA) in 2003, preceded a decline in SaskGaming's revenue;
- A provincial smoking ban in restaurants and bars in 2005 had a negative impact on revenue;

- A change in SaskGaming's fiscal year end in 2008 resulted in only nine months of activity being reported in that year; and
- A 53-day labour disruption in 2010 which caused revenue to decline in that year.

SaskGaming Financial Results: 1996 to 2017



Source: SaskGaming

The general trend for SaskGaming's revenue growth mirrors that of other casinos across Canada. Specifically, SaskGaming enjoyed consistently high annual revenue growth rates in its early years but has now reached a mature market stage.

SaskGaming Financial Highlights

SaskGaming revenue increased by $2.7 million in 2012, or 2.0 per cent. Since its revenue projections were indicating it would be somewhat below targeted revenue, the corporation used strong expense management practices to limit expense growth to 2.1 per cent in order to attain its net income target in 2012.

SaskGaming's Financial Results: 2011 and 2012

	Actuals (000s of $)		2011 to 2012 Change	
Financial Measures	**2011**	**2012**	**$**	**%**
Revenue	134,582	137,249	2,667	2.0
Expenses	82,848	84,627	1,779	2.1
Income before Payment to GRF	51,734	52,622	888	1.7
Payment to GRF	25,867	26,311	444	1.7
Net Income	25,867	26,311	444	1.7

(Fiscal years ending December 31)

SaskGaming generated $52.6 million of Income before Payment to the General Revenue Fund (GRF), which represents an increase of $0.9 million over 2011. The corporation exceeded its 2012 target of $52.0 million for this financial measure by over $0.6 million.

Guest Count

In 2011, Casinos Regina and Moose Jaw attracted a then-record 3.542 million guest visits, which was an increase of 3.3 per cent over the previous year's 3.429 million guest visits. With a strong marketing campaign, SaskGaming set another guest count record in 2012 with 3.625 million guest visits. The level of visitation in 2012 represented a 2.4 per cent increase over 2011.

SaskGaming Guest Counts: 2011 and 2012

	Actuals (# of Guests)		2011 to 2012 Change	
Guest Count	**2011**	**2012**	**# of Guests**	**%**
Casino Regina	2,808,986	2,845,828	36,842	1.3%
Casino Moose Jaw	732,854	779,413	46,559	6.4%
Total	**3,541,840**	**3,625,241**	**83,401**	**2.4%**

Revenues

Casinos Regina and Moose Jaw attained a record number of guest visitations and received favourable reviews by its guests. However, average guest spend declined slightly, reflecting the mature growth cycle stage reached by both casinos, which resulted in moderate revenue growth.

SaskGaming's Revenues by Type: 2011 and 2012

	Actuals (000s of $)		2011 to 2012 Change	
Revenue	**2011**	**2012**	**$**	**%**
Slot Revenue	114,224	114,077	(147)	(0.1)
Table Revenue	9,539	11,623	2,084	21.9
Food & Beverage Revenue	7,218	7,409	191	2.6
Other Revenue	3,601	4,140	539	15.0
Total Revenue	**134,582**	**137,249**	**2,667**	**2.0**

The impact of reaching a mature market was particularly reflected in slot revenues. SaskGaming added 62 slot machines in 2012 to reduce capacity issues during peak guest periods. The additional machines eased capacity challenges during peak periods but did not offset the decline in average guest spend.

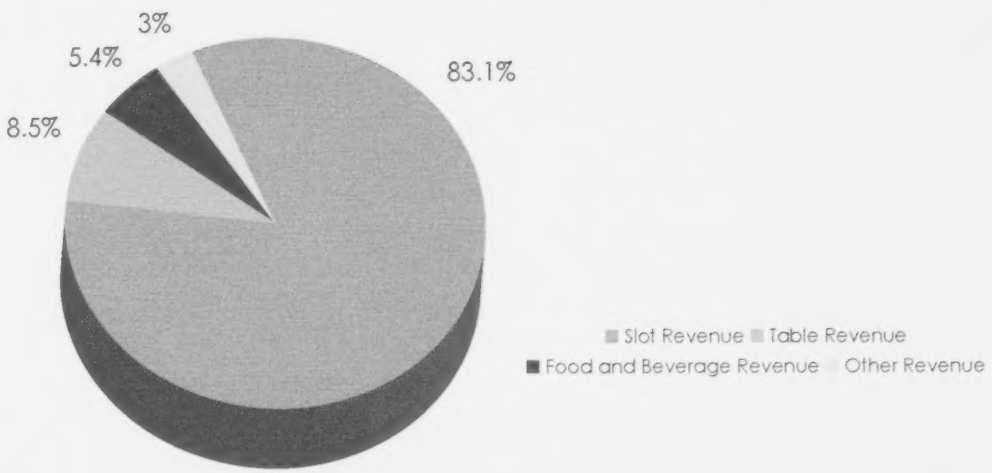
SaskGaming began a 'slot optimization' project in 2012 to determine an optimal denomination and game type mix that supports guest preferences. Work will continue in this area in 2013.

Table revenues increased $2.1 million in 2012, which represents an increase of 21.9 per cent over 2011. Opening hours and game selection were adjusted throughout the year to better match guest demand and improve efficiencies. Further, SaskGaming introduced electronic roulette by adding terminals to live roulette tables.

In 2012, food and beverage revenues rose 2.6 per cent, to $7.4 million with growth primarily from Casino Moose Jaw. Other revenues increased by 15.0 per cent in 2012 due primarily to increased ATM revenues and strong growth in entertainment revenue.

As the chart below indicates, slot revenues represent approximately 83 per cent of the corporation's total revenue. Therefore, the increased revenues from table games, food and beverage and other ancillary services only partially mitigated the decline in net revenue.

SaskGaming's Share of Total Revenues by Type: 2012



Expenses

SaskGaming limited its total expense growth in 2012 to 2.1 per cent. The corporation managed its operating expenses in 2012 to ensure it met its income targets.

SaskGaming's Expenses: 2011 and 2012

	Actuals (000s of $)		2011 to 2012 Change	
Expense Types	**2011**	**2012**	**$**	**%**
Operating Expenses	68,081	69,688	1,607	2.4
Depreciation	6,905	7,150	245	3.5
Taxes	3,375	3,419	44	1.3
Finance Expenses	1,472	1,355	(117)	(8.0)
Contractual Obligations	3,015	3,015	0	0.0
Total	**82,848**	**84,627**	**1,779**	**2.1**

SaskGaming used vacancy management and block scheduling to limit growth in payroll expenses. The corporation modestly improved its Payroll Margin measure from 31.4 per cent in 2011 to 31.0 per cent in 2012.

SaskGaming's Operating Expenses: 2011 and 2012

	Actuals (000s of $)		2011 to 2012 Change	
Operating Expense Types	**2011**	**2012**	**$**	**%**
Salaries & Benefits	42,228	42,548	320	0.8
Maintenance & Supplies	5,950	6,697	747	12.6
Advertising, Promotions & Sponsorships	4,948	4,184	(764)	(15.4)
F&B Cost of Goods Sold	3,173	3,240	67	2.1
Professional Services	2,170	2,021	(149)	(6.9)
Lease and Rental	2,265	2,960	695	30.7
Entertainment	1,869	2,050	181	9.7
Other Operating Expenses	5,478	5,988	510	9.3
Total Operating Expense	**68,081**	**69,688**	**1,607**	**2.4**

SaskGaming also reduced discretionary operating expenses such as Advertising and Promotions, and Professional Fees. Efforts in these areas contributed to limiting its operating expense growth to 2.4 per cent in 2012.

SaskGaming made capital investments of $5.2 million in 2012. Some of the major projects the corporation undertook were the expansion and replacement of its slot machines, electronic roulette, re-pointing of the mortar joints at Casino Regina, the development of a new web-based staff scheduling system, upgrading of banking system equipment, replacement of banquet ovens as well as the replacement of variable fan devices at Casino Regina.

Performance Management Plan and Balanced Scorecard

SaskGaming's Performance Management Plan (PMP) has four key strategic goals that support the corporation's efforts to deliver on its vision, mission and its strategic goals. The four strategic goals are as follows:

1. Guest Experience Excellence;
2. Employee Experience Excellence;
3. Social Responsibility; and
4. Sustainable Corporation.

The corporation refined its Balanced Scorecard (BSC) for 2013 by adding two new measures (i.e. Core Training and Net Revenues). One existing measure (Greenhouse Gas Emissions) was eliminated. These changes reflect progress in refining SaskGaming's PMP with the direction of the Board of Directors and Crown Investment's Corporation (CIC) of Saskatchewan.

Goal 1: Guest Experience Excellence

SaskGaming's Guest Experience Excellence goal is to continually strive to exceed guest expectations. The corporation has two key strategies which support Guest Experience Excellence:

- The Guest Service Strategy; and
- Guest Safety.

The Guest Service Strategy describes the experience that guests should receive when they enter our properties. It includes how we describe it, train for it, and how we support it back of house and corporately. SaskGaming's guest service strategy was completed in 2011 along with the corporate messaging and required training approach. The guest service strategy was implemented fully in 2012 and improvements will continue in 2013.

SaskGaming believes that guest safety is fundamental to providing guest experience excellence. The Guest Opinion about Safety measure indicates the sense of security and safety our guests feel while on our properties, including their experience on the gaming floor, the Casino Regina Show Lounge, at our restaurants and in our parking facilities. SaskGaming's efforts to provide a safe and secure environment for guests include an emphasis on guest education, a welcoming environment, high visibility of security personnel, camera surveillance and staff training to professionally deal with security issues.

The 2012 results from the three guest experience BSC measures suggest the corporation has delivered on its Guest Experience Excellence goal. For example, at 94.1 per cent, SaskGaming's staff achieved the corporation's 2012 target of 90.5 per cent for its Mystery Shopper score.

The Guest Satisfaction and Guest Opinion about Safety measures were both new in 2012 after being benchmarked in 2011. Ambitious 2012 targets were set for both of these measures at 81.5 per cent and 88.0 per cent respectively. SaskGaming's performance was within five per cent of these targets on both measures.

Guest Experience Excellence BSC Measures

MEASURES	2011 Actual	2012 Target	2012 Actual	2012 Result	2013 Target
Mystery Shopper	88.2%	90.5%	94.1%	Achieved	94.0%
Guest Satisfaction	80.8%*	81.5%	80.1%	Progressed	81.5%
Guest Opinion About Safety on Premises	87.6%*	88.0%	85.7%	Progressed	88.0%

* Items based on a single data point or survey in Q3 2011 (i.e. they are not a cumulative or average year-to-date value).

Exceeded – 105% or greater than target, **Achieved** – 100% to 104% of target, **Progressed** – 90% to 99% of target, **Not Met** – Less than 90% of target.

SaskGaming set its 2013 targets of 94.0 per cent, 81.5 per cent and 88.0 per cent for Mystery Shopper, Guest Satisfaction and Guest Opinion about Safety on Premises, respectively. These targets were set with the aim of continuing to achieve a high standard of performance in each area.

Goal 2: Employee Experience Excellence

It is the corporation's goal to offer an excellent employee experience to a diverse workforce where careers can begin and grow. Satisfied employees are critical to delivering service that exceeds our guests' expectations. SaskGaming has several key corporate initiatives to help deliver on this corporate goal:

- The continuous development and implementation of an 'employee satisfaction action plan' to identify and address the root causes that most strongly impact employee satisfaction. This work included improving internal communications methods and processes to improve information flow;
- A corporate learning program to deliver the optimal mix of learning, skills and career development programs to satisfy both employee and SaskGaming requirements. This program includes the development of a 'core learning curriculum', which provides the training required for each employee to be successful at their job while supporting corporate and business unit needs; and
- An Occupational Health and Safety (OHS) program that supports safe work procedures, mandatory safety training for staff and managers as well as working with the Saskatchewan Workers Compensation Board (WCB) on industry best practices. The purpose of SaskGaming's OHS program is to provide a safe work environment for its employees.

SaskGaming continues to pursue constant improvement in the goal to offer an excellent employee experience. At 48 per cent, the 2012 Employee Satisfaction score remained unchanged from the 2010 survey. However root causes impacting employee satisfaction changed, indicating progress was made at addressing the issues raised by employees in the 2010 survey.

The corporation analyzed the 2012 survey results and created a new employee satisfaction improvement plan with the help of management, employees and a consultant which will be implemented in 2013.

SaskGaming developed a corporate learning program in 2011 and introduced it in 2012. The core learning curriculum was completed and learning modules were developed. An annual learning calendar was introduced to support managers and employees to proactively schedule training. The corporation also enhanced its efforts to use blended learning approaches with e-learning, in-class training, off-site training, and outsourced training.

Employee Experience Excellence BSC Measures

MEASURES	2011 Actual	2012 Target	2012 Actual	2012 Result	2013 Target
Employee Satisfaction	N/A	50.0%	48.0%	Progressed	N/A*
Service Component of Guest Satisfaction	83.7%**	84.5%	83.7%	Progressed	84.5%
Core Training (New in 2013)	N/A	BMK	BMK	New in 2013	20.0%
Employee Safety	6.1%	6.0%	2.7%	Exceeded	5.5%
Aboriginal Representation	42.3%	42.0%	41.0%	Progressed	42.5%

* Employee Satisfaction survey completed bi-annually with next full survey to be completed in 2014.
** Items based on a single data point or survey in Q3 2011(i.e. they are not a cumulative or average year-to-date value).

BMK = Benchmark **Exceeded** – 105% or greater than target, **Achieved** – 100% to 104% of target, **Progressed** – 90% to 99% of target, **Not Met** – Less than 90% of target,

Introduced in 2012, the Service Component of the Guest Satisfaction metric serves as a proxy measure of the effectiveness of SaskGaming's hiring and training programs since the ultimate goal of training is for employees to deliver high quality service to casino guests. At 83.7 per cent, SaskGaming nearly met its 2012 target of 84.5 per cent for this measure. SaskGaming has set the same target for this measure in 2013.

SaskGaming also developed a new BSC measure for 2013 called Core Training, which indicates the share of employees who have completed the seven core training modules within SaskGaming's Core Learning Program. SaskGaming has set a target of 20 per cent completion in 2013. This target will strike an appropriate balance between time at training and time on the job.

An introductory training module on occupational health and safety for all employees is included in the core training program. Investigation and incident reporting training has been made mandatory for all managers. In 2012, an OHS committee refined safe work procedures and enhanced the incident investigation and reporting processes. Additional information was provided on the corporation's intranet site to provide employees with a comprehensive, central resource for Occupational Health and Safety (OHS), Workers Compensation Board (WCB) and Employee and Family Assistance Plan (EFAP) information.

SaskGaming added a new Employee Safety BSC measure in 2012 to assess its effectiveness at maintaining a safe and healthy work environment for its employees. The measure represents an injury frequency rate and is calculated as the percentage of total injuries per 100 employees. The 2012 target of 6.0 per cent is below comparable businesses within the Workers Compensation Board's (WCB) industry rate code injury rate and the WCB's provincial average injury rate. SaskGaming exceeded this target with an estimated 2012 injury rate of 2.7 per cent. This outcome suggests the corporation's efforts to enhance workplace safety were very successful in making the workplace safer at Casinos Regina and Moose Jaw.

SaskGaming continued to be the leader among all Crown Corporations with respect to Aboriginal representation. Aboriginal employees represented 41.0 per cent of SaskGaming's workforce in 2012, slightly less than the 2012 target of 42.0 per cent. While limiting its hiring activity in 2013, the corporation will challenge itself to meet an increased Aboriginal representation target of 42.5 per cent.

SaskGaming has created a new corporate initiative to support Aboriginal recruitment and retention. A working group of Aboriginal leaders will be established to examine and recommend changes to recruitment, selection and retention strategies. The corporation will increase its effort to partner with Aboriginal communities, organizations and service providers to build awareness of its interest in supporting career opportunities for Aboriginal people.

Goal 3: Social Responsibility

It is part of SaskGaming's mission to offer outstanding entertainment in a socially responsible manner. In practice, this means we demonstrate good corporate citizenship and employ the gaming industry's best practices.

The corporation exceeded its 2012 targets on both of its Public Opinion of Community Support and Aboriginal Sponsorship measures. The Public Opinion of Community Support tracked 57.4 per cent in 2012, significantly higher than the 46.0 per cent target. Furthermore, the Aboriginal Sponsorship measure tracked in at 25.9 per cent, well above the 19.0 per cent target for 2012.

To support the communities in which it operates, SaskGaming proudly contributed over $737,000 this year to non-profit and charitable organizations through its community relations program. The results in both of the above measures were driven, in part, by the efforts of this program.

Social Responsibility BSC Measures

MEASURES	2011 Actual	2012 Target	2012 Actual	2012 Result	2013 Target
Guest Awareness of Responsible Gaming	60.8%*	62.0%	56.9%	Progressed	60.0%
Public Opinion of Community Support	44.4%*	46.0%	57.4%	Exceeded	58.0%
Aboriginal Sponsorship - % of Total Sponsorship	18.0%*	19.0%	25.9%	Exceeded	21.0%
Green House Gas Emissions (2008 Baseline = 9,673 Tonnes) (Cumulative % Reduction from 2008 Baseline)(Discontinued in 2013)	N/A	9,000 (7.0%)	No Report	N/A**	No Report

* Items based on a single data point or survey in Q3 2011 (i.e. they are not a cumulative or average year-to-date value).

** The measure was eliminated in 2012.

BMK = Benchmark
N/A = Not Applicable

Exceeded – 105% or greater than target, **Achieved** – 100% to 104% of target, **Progressed** – 90% to 99% of target, **Not Met** – Less than 90% of target.

SaskGaming's Responsible Gaming program helps reduce the risks involved with gaming by our guests by integrating its responsible gaming practices into its day-to-day business activities. Our staff actively monitor guests for potential signs of problem gambling and provide information and resources to guests to help them make responsible choices about their play.

To track casino visitors' awareness of the responsible gaming information and support programs, SaskGaming introduced a measure for Guest Awareness of Responsible Gaming into its 2012 Balanced Scorecard. On a year-to-date basis, this measure came in at 56.9 per cent in 2012, below the 62.0 per cent target SaskGaming set based on a benchmarking of the measure in fall 2011.

Given these results, the corporation believes a program review is required to improve the corporation's responsible gaming program. The review will evaluate preventative measures to help guests while assuring the corporation's polices reflect its social responsibility. This review will also assess the current program's effectiveness in generating guest awareness of responsible gaming program best practices and the corporation's efforts in this area.

SaskGaming worked to reduce its greenhouse gas (GHG) emissions at Casino Regina with the installation of the variable fan devices and high efficiency motors. On behalf of SaskGaming, SaskPower estimated this work resulted in an annual reduction of 543,938 (kWh) of electrical consumption and 25,339 (m^3) natural gas consumption due to the change in variable fan devices and high efficiency motors. The changes produced a reduction of 434 tonnes of CO^2 emissions. The reduced consumption of natural gas and electricity will result in cost savings of approximately $46,000 per annum, which is higher than the approximately $39,000 estimated at the beginning of the project.

SaskGaming eliminated this corporate initiative in its 2013-17 PMP, but will continue to pursue facility upgrades that reduce greenhouse gas emissions. Given this decision, SaskGaming obtained measures for the impact of the changes from the installation of the variable fan devices and high efficiency motors in 2012, rather than the overall level of GHG emissions at Casino Regina. SaskGaming is unable to report its level of GHG emissions in 2012, but determined that it reduced CO^2 emissions by 434 tonnes.

Goal 4: A Sustainable Corporation

Good governance, integrity and sound management practices are essential to the long-term sustainability of SaskGaming. The results from SaskGaming's BSC measures indicate the corporation has, once again, delivered strong financial results in 2012.

In 2012, marketing focused on the Players Club Program. Specifically, promotional and complementary incentives were commensurate with the level of play activity. SaskGaming also increased its segmented direct mail initiatives to the existing Players Club database. These initiatives were successful at attracting and retaining guests and achieving a new record for guest visits in 2012 at 3.625 million - 3.2 per cent higher than the 2012 target of 3.514 million guests. While these efforts had a positive impact on revenue growth, the corporation fell short of its target for revenue in 2012.

Sustainable Corporation BSC Measures

MEASURES	2011 Actual	2012 Target	2012 Actual	2012 Result	2013 Target
Guest Count Levels (000s) Annual Growth (%)	3,542 3.3%	3,514 (0.1%)	3,625 3.2%	Achieved	3,743 3.3%
Net Revenues (000s of $) (New in 2013)	134,582	141,603	137,249	New in 2013	141,529
Income Before Payment to GRF (000s of $)	51,734	51,976	52,622	Achieved	52,794
EBITDA Margin (%)	49.4%	47.6%	49.2%	Achieved	47.9%
Debt EBITDA Ratio	0.31	0.29	0.29	Achieved	0.26
Capital Asset Turnover Ratio	2.0	2.1	2.1	Achieved	2.1
Payroll Margin (%)	31.4%	31.3%	31.0%	Achieved	30.8%

Exceeded – 105% or greater than target, **Achieved** – 100% to 104% of target, **Progressed** – 90% to 99% of target, **Not Met** – Less than 90% of target.

As a result of strong expense management, SaskGaming was able to deliver upon its 2012 income target. At $52.6 million, SaskGaming exceeded its $52.0 million target for Income before Payment to the GRF. Expense management also helped SaskGaming achieve its EBITDA Margin and Payroll Margin targets at 49.2 per cent and 31.0 per cent, respectively. Further, the corporation met its targets on its Debt-EBITDA ratio of 0.29 and Capital Asset Turnover Ratio of 2.1.

SaskGaming's Board of Directors has identified revenue growth as a priority for 2013. Therefore, the corporation added a net revenue measure to its Balanced Scorecard to formally track progress. SaskGaming has a three-part plan to achieve the target:

- Refine its Players Club Card program to improve its effectiveness in attracting and retaining guests;
- Execute additional advertising and promotional activities to capitalize on the special events occurring in 2013 (e.g. Grey Cup and the Junos) while attempting to counteract the impact of the Saskatchewan Liquor and Gaming Authority's (SLGA) planned video lottery terminal (VLT) upgrade; and
- Add 54 new slot machines while also accelerating its slot replacement program in 2013, in conjunction with its 'slot optimization' project, to better meet guest demand for different types and denominations of slot machines.

In 2012, SaskGaming researched different approaches to efficiency, including LEAN, Six Sigma and potential casino-specific methods or approaches to efficiency. SaskGaming also consulted with other CIC Crowns to learn their best practices in efficiency and how their specific programs were developed, implemented and evolved. This work culminated in the development of its Business Process Improvement (BPI) program. Under this program, SaskGaming's senior management team was trained in LEAN principles in spring 2012.

The corporation also pursued efficiency in other areas of its operations in 2012, including:

- Bank Renovation. SaskGaming consolidated its banking functions for guests at Casino Regina in its Central Hall location;
- Food and Beverage Operational Review. A consultant reviewed SaskGaming's food and beverage operations in 2012 and made over 30 recommendations. SaskGaming will complete the implementation of these recommendations in 2013;
- Automated Parking System. SaskGaming completed the automation of its parking system where guests will pay at parking pay stations similar to those at other Regina locations; and
- Show Lounge Ticket System Replacement. SaskGaming replaced its in-house ticket software system for the Casino Regina Show Lounge with a web-based ticket system in September 2012. The new system comes with improved functionality for guests such as being able to purchase tickets online and select the location of the seats.

SaskGaming continued to use technology to make better use of information and protect information assets. Priorities for 2012 were the banking system replacement, the implementation of a new web-based staff scheduling system and the migration of SaskGaming's data centre to a secure, state of the art offsite location. Progress was also made on an e-mail server upgrade, the evaluation of mobile device management software to enable a variety of mobile devices on its network and a pilot project on the use of advanced statistical software to support the slot optimization initiative.

SaskGaming takes seriously the need to safeguard its assets, including the safety and security of people, guests, property, information, and financial resources. The priority for 2012 was to continue implementing and documenting its Enterprise Risk Management (ERM) and its Business Continuity Plans as part of its security framework.

Risk Management

SaskGaming has implemented an Enterprise Risk Management (ERM) program modelled in compliance with the CIC's risk management minimum standards and the *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* model. The ERM approach enables strategic, operational, reputation, reporting, and compliance risks to be identified and managed effectively.

SaskGaming has a formal ERM policy and framework, which features consistent risk identification and evaluation and formalized action plans for all significant risks. SaskGaming conducts detailed risk assessments for all significant corporate projects and develops project risk treatment plans. SaskGaming's approach to risk management is cross-functional and multi-disciplinary, recognizing that risks are not just financial. The Board of Directors provides oversight of the principal risks of the business.

SaskGaming is committed to focused and systematic risk management as an essential component of all decision-making. Its model includes practices to:

- Assess the effectiveness of key risk mitigation controls for risks within our risk registry through control self-assessment workshops
- Review/update the risk management framework, risk tolerance guide and risk management policy
- Revise/develop risk statements to support the risk management framework
- Conduct an inherent risk assessment (likelihood and impact of risk based on five-point scale)
- Conduct a residual risk assessment (likelihood and impact of risk based on five-point scale)
- Develop prioritized summary registers which identify the top corporate-wide inherent and residual risks and assign executive ownership for each risk
- ERM update within the MD&A section of annual report
- Creation of Internal Audit plan based on SaskGaming's risk registry
- ERM component within business case and new initiative templates used during the budgeting process

To actively manage/monitor corporate risks, all risks defined as "corporate-wide risks" (risks rated as high using SaskGaming's tolerance levels are deemed corporate-wide risks) are reviewed and reported quarterly to the Executive Committee and the Board of Directors. All other risks on the risk registry are reviewed and reported to the Executive Committee semi-annually. SaskGaming's corporate-wide risks, as well as the mitigation activities that are in place to address these risks, are discussed below.

1. **Gaming Modernization** – Fragmented gaming environment in Saskatchewan does not allow SaskGaming to take advantage of the modernization in the gaming industry, resulting in missed business opportunities.

   Mitigation Activities – SaskGaming continued to work with the Saskatchewan Liquor and Gaming Authority (SLGA) to consider gaming governance in Saskatchewan.

2. **Regulatory Compliance** – Failure to comply with existing regulations or proactively adjust to changing regulations results in sanctions and adverse publicity that can damage the corporation's reputation and financial well-being.

   Mitigation Activities – SaskGaming has a *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) compliance regime to address historical deficiencies cited by FINTRAC. The role of Compliance Officer has been elevated to the Vice President of Corporate Risk and Compliance, and a committee of Directors has been formed to assist and advise the Compliance Officer on all matters related to PCMLTFA. SaskGaming has an updated Anti-Money Laundering/Counter Terrorist Financing (AML/CTF) Risk Assessment commensurate with PCMLTFA standards which has been subjected to external review. Controls and policies flowing from the AML/CTF Risk Assessment have been implemented to provide guidance to operational units. The corporation's AML/CTF employee training program has been redeveloped, with mandatory training for employees. SaskGaming has purchased a FINTRAC reporting software application designed to integrate with existing incident tracking systems in use at Casinos Regina and Moose Jaw. Casino management information systems have been upgraded to newer versions which offer increased functionality that will address FINTRAC compliance issues. SaskGaming's AML compliance regime is independently reviewed by a third-party to assess its effectiveness.

   SLGA provides quarterly reports on compliance with Gaming Regulations. The President and CEO provides a quarterly compliance certificate to the Board of Directors. All privacy concerns are addressed immediately and freedom of information requests are handled in accordance with the Freedom of Information and Protection of Privacy Act by SaskGaming's Privacy Officer.

3. **Business Interruption** – SaskGaming is unable to provide services due to a business interruption (situations including: accidents, work stoppages, sabotage, weather, technology failure) resulting in loss of revenue, dissatisfied guests, etc.

   Mitigation Activities – Business Impact Assessments (BIAs) are annually reviewed, updated and prioritized based on impact.

   Departmental action plans and checklists have been developed to operationalize the Business Continuity Plan (BCP) within the different functional areas of Casino Regina and Moose Jaw. BCPs for Casinos Regina and Moose Jaw have been documented with tabletop exercises being conducted annually confirming the effectiveness of the plans.

An emergency notification solution is in place to notify the Crisis Management Team and Business Continuity Recovery Team in the event of a significant event at either Casino Regina or Casino Moose Jaw. Critical suppliers that support the business processes considered to be "high" and "medium" criticality to SaskGaming's operations are assessed for business continuity. Annual fire drills are conducted at both casinos. Emergency measure procedure documents have been reviewed and are available to assist employees in responding to various emergency situations.

A crisis communication plan has been created and is updated as necessary. A Disaster Recovery Plan (DRP) is documented with a tabletop exercise conducted to confirm its validity.

4. **IT Infrastructure** – Lack of information technology infrastructure results in inability to efficiently and effectively support the corporation's business and information systems requirements.

   Mitigation Activities – The Disaster Recovery Plan (DRP) contains measures to potentially mitigate some of the risks to SaskGaming.

   Networking best practices have been implemented to ensure no single points of failure exist within SaskGaming's local area networks. Critical network equipment follows a hardware refresh cycle to ensure that equipment is replaced before it reaches its functional end of life. Critical network hardware includes vendor hardware and software support which provides assurance that failed equipment will be replaced and that software issues are resolved with vendor assistance. Additional systems performance monitoring has been implemented.

5. **Training & Development** – Lack of or ineffective training programs results in employees who do not have the required skills, which adversely affects employee morale, operating costs, customer satisfaction levels and the achievement of business objectives.

   Mitigation Activities – SaskGaming's -corporate learning system includes departmental and individual learning plans linked to job duties that work to fill identified gaps. Training needs are identified through annual Department Training Plans and Individual Employee Profiles. Job training includes technical training required for the position. The training calendar is online and is updated quarterly.

Job descriptions for all in-scope positions have been updated and are posted on the intranet. A tuition re-imbursement program is in place. Every manager gets accurate and updated learning profiles. An update was done on our human resources system, e-personality, to allow for the tracking of employee training.

6. **Safe Environment** – Guest or employee harm caused by an unsafe environment results in loss of guest confidence, crime, reputational damage, increased costs, lost productivity, liability and other related penalties and sanctions.

   Mitigation Activities – Floor Security staff have been identified and trained as first responders at the casinos.

   A secured employee entrance and break area has been established at Casino Moose Jaw. Units within Security (Surveillance, Floor Security, Security Systems, Responsible Gaming, Control Room) work cooperatively (sharing information, access control) to provide a safe atmosphere/environment for both employees and guests.

   Floor Security performs parking lot patrol at Casinos Regina and Moose Jaw. A player safety and parking lot brochure has been distributed outlining best practices.

   SaskGaming's Responsible Gaming Program is dedicated to the health and safety of guests by helping them make informed decisions in order to avoid the consequences that may result from problem gambling.

7. **Corporate Reputation** – Failure to build and maintain a positive reputation with community and stakeholders results in an erosion of stakeholder confidence.

   Mitigation Activities – SaskGaming annually reviews its Corporate Social Responsibility Framework, which includes six guiding principles for responsible corporate citizenship:

   - responsible gaming,
   - security and integrity,
   - employees,
   - community support,
   - sustainable future, and
   - stakeholder relations.

   The corporation builds awareness of its responsible gaming program, and communicates enhancements to its program, through materials provided to guests at the Responsible Gaming Information Centres, displays, kiosks, interactions, and players club card mail outs.

8. **Illegal Acts** – Employees, customers, or third parties who individually or in collusion commit fraud or illegal acts against the corporation (which can include theft, armed robberies, bomb threats and schemes to criminally manipulate or "cheat" at games) resulting in financial losses, adverse publicity, inappropriate use of assets and erosion of public confidence in the integrity of the corporation.

   Mitigation Activities –
   A risk-based audit program is in place to ensure game integrity and compliance with Casino Regulations. SaskGaming staff receives ongoing game protection training (from subject matter experts in the industry) to detect and deter fraud, collusion and cheating at play.

The Security Services branch maintains a working relationship with Regina Police Services, Moose Jaw Police Services, and the RCMP to monitor current trends on travelling criminals, criminal/gang activity, and crime. Intelligence cards are in place for staff to report suspicious activities of guests and staff. Information is gathered and coordinated by Surveillance. Membership in American Society of Industrial Security (ASIS) ensures the corporation has knowledge of best practices in security.

Integrity Matters - An ethics hotline has been established, and policy and procedures have been put in place to ensure compliance with the Public Interest Disclosure Act (PIDA) policy, ensuring transparency for our activities. Employees are required to annually review the "Code of Conduct" and sign off on their awareness of this policy. Our security branch regularly conducts criminal background record checks on staff with Police Intelligence Units/Agencies.

All of SaskGaming's employees are registered & licensed with SLGA in order to obtain a gaming license that must be renewed every three years.

Charity Royale

Our annual Charity Royale fundraising event gives the Casino Regina Show Lounge an opportunity to provide outstanding entertainment to guests who want to also participate in supporting a community charity. In 2012, the event had a Brazilian Carnival theme. Guest bids on auctioned items were matched by SaskGaming to generate almost $83,000 for the YWCA My Aunt's Place, an emergency shelter for women and children.

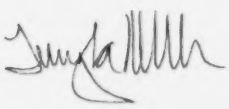
Management's Report on Financial Statements

The accompanying financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial information included elsewhere in this annual report is consistent with that in the financial statements. Management is responsible for the integrity, objectivity and reliability of the financial statements.

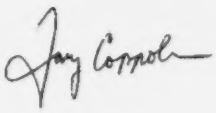
The financial statements for the year ended December 31, 2012 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority, assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records are maintained. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit & Finance Committee of the Board.

The Corporation's independent auditors, KPMG LLP, on behalf of management have examined the Corporation's financial statements as at December 31, 2012. The auditor's report, which follows, outlines the scope of their examination and sets forth their opinion



Twyla Meredith
President and CEO



Tony Coppola
Senior Vice President Finance
& Administration

February 28, 2013

Management's Report on Internal Control over Financial Reporting

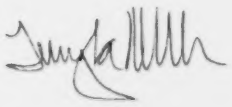
I, Twyla Meredith, the President & CEO of the Saskatchewan Gaming Corporation, and I, Tony Coppola, the Senior Vice President Finance & Administration of the Saskatchewan Gaming Corporation, certify the following:

a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Gaming Corporation (SaskGaming). Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of December 31, 2012.

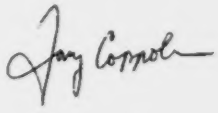
b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of SaskGaming do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That SaskGaming is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskGaming has designed internal controls over financial reporting that are appropriate to the circumstances of SaskGaming.

d. That SaskGaming conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, SaskGaming can provide reasonable assurance that internal controls over financial reporting as of December 31, 2012 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Twyla Meredith
President and CEO



Tony Coppola
Senior Vice President Finance
& Administration

February 28, 2013

Independent Auditor's Report

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying consolidated financial statements of Saskatchewan Gaming Corporation, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saskatchewan Gaming Corporation as at December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants
February 28, 2013
Regina, Canada

Saskatchewan Gaming Corporation
Consolidated Statement of Financial Position

As at: (in 000s)	December 31 2012	December 31 2011
ASSETS		
Current assets:		
Cash	$ 10,583	$ 13,221
Accounts receivable	397	290
Inventory	320	300
Prepaid expenses	666	435
	11,966	14,246
Property, plant and equipment (Note 4)	66,721	68,754
	$ 78,687	$ 83,000
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	$ 10,345	$ 9,777
Payable to the General Revenue Fund (Note 5)	6,185	6,146
Dividend payable	5,455	5,366
Current portion of long-term debt (Note 6)	1,385	1,300
Current portion of finance lease obligation (Note 7)	955	918
	24,325	23,507
Long-term debt (Note 6)	10,722	12,107
Finance lease obligation (Note 7)	6,307	6,510
	41,354	42,124
Equity advance (Note 8)	4,000	12,805
Retained earnings	33,333	28,071
	37,333	40,876
	$ 78,687	$ 83,000

Commitments and contingencies (Note 9)

(See accompanying notes)

On behalf of the Board:

Director

Director

Saskatchewan Gaming Corporation
Consolidated Statement of Comprehensive Income

For the year ended December 31

(in 000s)	2012	2011
Revenue (Note 10)	$ 137,249	$ 134,582
Operating expenses (Note 11)	69,688	68,081
Depreciation	7,150	6,905
Taxes (Note 12)	3,419	3,375
Contractual obligations (Note 9)	3,015	3,015
Finance expense (Note 13)	1,355	1,472
Income before payment to the General Revenue Fund	52,622	51,734
Payment to the General Revenue Fund (Note 5)	26,311	25,867
Net income	26,311	25,867
Other comprehensive income	—	—
Comprehensive income	$ 26,311	$ 25,867

(See accompanying notes)

Consolidated Statement of Changes in Equity

For the year ended December 31

(in 000s)	2012			2011		
	Retained Earnings	Equity Advance	TOTAL	Retained Earnings	Equity Advance	TOTAL
Balance as at January 1	$ 28,071	$ 12,805	$ 40,876	$ 22,897	$ 19,805	$ 42,702
Comprehensive income	26,311	—	26,311	25,867	—	25,867
Dividends	(21,049)	—	(21,049)	(20,693)	—	(20,693)
Repayment of equity advance	—	(8,805)	(8,805)	—	(7,000)	(7,000)
Balance as at December 31	$ 33,333	$ 4,000	$ 37,333	$ 28,071	$ 12,805	$ 40,876

(See accompanying notes)

Saskatchewan Gaming Corporation
Consolidated Statement of Cash Flows

For the year ended December 31

(in 000s)	2012	2011
Operating activities:		
Net income	$ 26,311	$ 25,867
Adjustments for:		
Finance expense	1,355	1,472
Depreciation	7,052	6,966
Loss (gain) on sale of property, plant and equipment	98	(61)
Changes in non-cash working capital balances:		
Accounts receivable	(107)	19
Inventory	(20)	14
Prepaid expenses	(231)	(21)
Trade and other payables	568	979
Payable to the General Revenue Fund	39	1,060
	35,065	36,295
Investing activities:		
Proceeds from sale of property, plant and equipment	130	203
Purchases of property, plant and equipment	(5,247)	(3,897)
	(5,117)	(3,694)
Financing activities:		
Dividends paid	(20,960)	(18,152)
Interest paid	(1,355)	(1,472)
Repayment of equity advance	(8,805)	(7,000)
Repayment of finance lease obligation	(166)	(133)
Repayment of long-term debt	(1,300)	(2,616)
	(32,586)	(29,373)
(Decrease) increase in cash	(2,638)	3,228
Cash, beginning of year	13,221	9,993
Cash, end of year	$ 10,583	$ 13,221

(See accompanying notes)

December 31, 2012

1. Description of Business

The Saskatchewan Gaming Corporation (SaskGaming) is a corporation domiciled in Canada. The address of SaskGaming's registered office and principal place of business is 1880 Saskatchewan Drive, Regina, SK, S4P 0B2.

SaskGaming manages and operates Casino Regina and Casino Moose Jaw. SaskGaming was established under *The Saskatchewan Gaming Corporation Act* to establish and operate casinos in Saskatchewan; conduct and manage games of chance in casinos; and to establish and operate or to provide for the establishment and operation of any business or activity that it considers reasonably related to operating a casino. SaskGaming must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada and The Alcohol and Gaming Regulation Act, 1997*. Regulation of SaskGaming's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

SaskGaming operates under the direction of its owner, the Crown Investments Corporation of Saskatchewan (CIC). CIC is the provincial government's holding corporation for its commercial Crown corporations. The financial results of SaskGaming are included in the consolidated financial statements of CIC.

2. Basis of Preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2013.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are classified as fair value through profit and loss, which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is SaskGaming's functional currency.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Useful lives of property, plant and equipment (Note 3(e) and Note 4)
- Customer loyalty program (Note 3(c))

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by SaskGaming and its subsidiary.

a) Basis of consolidation

The consolidated financial statements include the accounts of SaskGaming and its wholly-owned subsidiary, SGC Holdings Inc. which is incorporated under *The Business Corporations Act (Saskatchewan)*. All intercompany transactions and accounts have been eliminated on consolidation.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and pay-outs by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots and liabilities under the Players Club Program.

Ancillary revenues include food, beverage, parking and Show Lounge revenue.

Food, beverage and parking revenue is recognized when the good and services are provided. Show Lounge revenue is recognized when the event occurs.

Revenues exclude the retail value of food, beverage and other promotional allowances provided on a complimentary basis to guests. The cost of providing the complimentary items is included in direct operating expenses.

c) Customer Loyalty Program

As part of its customer loyalty initiative, SaskGaming offers a Players Club Program to patrons. Under the program, club members accumulate reward points or dollars based on the amounts wagered and time spent playing on slot machines and tables. Members can redeem their points for cash or vouchers for free or discounted goods or services. SaskGaming records the points earned as a reduction of gaming revenue. A liability is accrued for the estimated cost of the earned points balance at the end of the period under the Player Club Program. If the patron chooses to redeem their points for a voucher for free or discounted goods or services, the revenue is determined by the fair value of the undelivered goods and services related to a customer loyalty program and is deferred until the promotional consideration is provided.

d) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined using the most recent cost.

e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. The Corporation ceases to capitalize borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

Assets are depreciated commencing in the year in which they are available for use, using the straight-line method over their useful lives as follows:

Building and renovations, including leased building	5 - 40 years
Furniture and equipment	3 - 5 years

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate.

f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to SaskGaming. All other leases are classified as operating leases.

Assets held under a finance lease are initially recognised as assets of SaskGaming and are measured at their fair value at the inception of the lease, or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expense and reduction of the lease obligation so as to achieve a constant rate on the remaining balance of the liability. The interest component is included in finance expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

g) Employee benefits

(i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the consolidated statement of comprehensive income when services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

h) Foreign currency

Transactions in foreign currencies are translated to the functional currency of SaskGaming at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. All gains and losses on translation of these foreign currency transactions are included in income in the current period.

i) Financial Instruments

(i) Non-derivative financial assets and liabilities

SaskGaming classifies its financial instruments into one of the following categories: fair value through profit or loss; loans and receivables; and other liabilities. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as fair value through profit or loss and is recorded at fair value. Accounts receivable are classified as loans and receivable. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

SaskGaming has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to the General Revenue Fund, dividend payable and long-term debt. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

SaskGaming derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by SaskGaming is recognized as a separate asset or liability. SaskGaming derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when SaskGaming has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in net income.

SaskGaming had no contracts with embedded derivatives as at December 31, 2012 (December 31, 2011 – no embedded derivatives).

j) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

(ii) Non-financial assets

The carrying amounts of SaskGaming's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

k) Finance income and finance costs

Finance income comprises interest income on bank balances. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

l) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after December 31, 2012. SaskGaming is assessing the impact of these pronouncements on its results and financial position. These include:

IFRS 7 "Financial Instruments: Disclosures" (IFRS 7) requires disclosures for financial assets and liabilities that offset in the statement of financial position. IFRS 7 is effective for annual periods beginning on or after January 1, 2013.

IFRS 9 "Financial Instruments" (IFRS 9 (2010)) expands on IFRS 9 as issued in 2009. The 2010 version has a significant impact on financial liabilities designated under the fair value option. In addition, IFRS 9 (2010) retains virtually all of the classification and measurement guidance in IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9 (2010) is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 "Consolidations" (IFRS 10) establishes a single control model to assess whether to consolidate an investee. The model focuses on exposure or rights to variability in returns versus the previous concept of benefits. IFRS 10 is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 "Disclosure of Interests in Other Entities" (IFRS 12) combines in a single standard the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 "Fair Value Measurement" (IFRS 13) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

IAS 32 "Financial Instruments: Presentation" (IAS 32) provides clarification of the meaning of the offsetting criterion and the principle of net settlement. IAS 32 is effective of annual periods beginning on or after January 1, 2014.

4. Property, Plant and Equipment

(in 000s)	Land	Buildings and renovations	Furniture and equipment	Finance lease	Total
Cost					
Balance at January 1, 2011	$ 15,154	$ 41,876	$ 29,363	$ 8,743	$ 95,136
Additions	—	—	3,897	—	3,897
Disposals	—	(152)	(2,492)	—	(2,644)
Balance at December 31, 2011	$ 15,154	$ 41,724	$ 30,768	$ 8,743	$ 96,389
Balance at January 1, 2012	$ 15,154	$ 41,724	$ 30,768	$ 8,743	$ 96,389
Additions	—	1,087	4,160	—	5,247
Disposals	—	-	(2,333)	—	(2,333)
Balance at December 31, 2012	$ 15,154	$ 42,811	$ 32,595	$ 8,743	$ 99,303
Depreciation					
Balance at January 1, 2011	$ —	$ 2,728	$ 19,954	$ 489	$ 23,171
Depreciation for the year	—	3,002	3,475	489	6,966
Disposals	—	(48)	(2,454)	—	(2,502)
Balance at December 31, 2011	$ —	$ 5,682	$ 20,975	$ 978	$ 27,635
Balance at January 1, 2012	$ —	$ 5,682	$ 20,975	$ 978	$ 27,635
Depreciation for the year	—	2,983	3,580	489	7,052
Disposals	—	—	(2,105)	—	(2,105)
Balance at December 31, 2012	$ —	$ 8,665	$ 22,450	$ 1,467	$ 32,582
Carrying Amounts					
At December 31, 2011	$ 15,154	$ 36,042	$ 9,793	$ 7,765	$ 68,754
At December 31, 2012	$ 15,154	$ 34,146	$ 10,145	$ 7,276	$ 66,721

SaskGaming leases building and land under a finance lease agreement. At December 31, 2012, the net carrying amount of leased building was $6,100,000 (December 31, 2011 - $6,589,000) and the leased land was $1,176,000 (December 31, 2011 – $1,176,000).

5. Payment to the General Revenue Fund

SaskGaming pays monies to the General Revenue Fund to the extent required to meet the Government's obligations under the *The Saskatchewan Gaming Corporation Act* to the First Nations Trust, the Community Initiatives Fund, and the Métis Development Fund.

6. Long-Term Debt

(in 000s)	Dec 31, 2012	Dec 31, 2011
Debt from the General Revenue Fund, bearing interest at 2.85% per annum, due December 1, 2014. Interest is paid semi-annually	$ 6,000	$ 6,000
Building loan, repayable in monthly instalments of $76,572 including interest at 6.48%, due December 1, 2016	3,230	3,915
Building loan, repayable in monthly instalments of $67,790 including interest at 6.17%, due December 1, 2016	2,877	3,492
	12,107	13,407
Current portion	(1,385)	(1,300)
	$ 10,722	$ 12,107

The above loans, excluding the debt from the General Revenue Fund, are secured by assets and a general security agreement and may only be repaid early with a penalty.

Principal repayments required in the next five years are as follows:

(in 000s)	
2013	$ 1,385
2014	7,476
2015	1,572
2016	1,674
2017 and subsequent	---
	$ 12,107

7. Finance Lease Obligation

Beginning in September 2002, SaskGaming leased the Casino Moose Jaw property for 25 years at an annual cost of $900,000 for the first ten years, and $955,000 annually thereafter. At the end of the lease, SaskGaming will acquire the property for the sum of one dollar.

(in 000s)	Dec 31, 2012	Dec 31, 2011
Total future minimum lease payments	$ 14,007	$ 14,925
Less: future finance charges on finance lease	(6,745)	(7,497)
Present value of finance lease obligation	7,262	7,428
Less: current portion of finance lease obligation	(955)	(918)
Finance lease obligation	$ 6,307	$ 6,510

As at December 31, 2012, scheduled future minimum lease payments and the present value of finance lease obligation is as follows:

(in 000s)	1 year	1 – 5 years	More than 5 years
Future minimum lease payments	$ 955	$ 3,820	$ 9,232
Present value of finance lease obligation	223	1,164	5,875

Fair value of the finance lease obligation is $9,003,000 (2011 - $9,198,000).

8. Equity Advance

As a Saskatchewan Provincial Crown Corporation, SaskGaming's equity financing is in the form of equity advances of $4,000,000 (2011 - $12,805,000) from CIC.

9. Commitments and Contingencies

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SaskGaming entered into an agreement with the Association to fulfil previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SaskGaming agreed to pay the Association monthly payments of $235,417 for the first year following termination of the agreement and, subject to certain conditions, monthly payments of $216,667 until 2027.

b) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SaskGaming entered into an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw.

Under this agreement, SaskGaming agreed to pay MJEX $34,583 monthly, subject to certain conditions, starting in 2003 and continuing until 2028.

c) Litigation and claims

SaskGaming is involved in litigation and claims that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a material impact on the consolidated financial position or the consolidated results of operations of SaskGaming.

10. Revenue

(in 000s)	2012	2011
Gaming revenue	$ 125,700	$ 123,763
Ancillary revenue	11,278	10,486
Other	271	333
	$ 137,249	$ 134,582

Ancillary revenues include revenue from food and beverage, parking, Show Lounge, and other non-gaming related activities.

11. Operating Expenses

(in 000s)	2012	2011
Salaries and employee benefits	$ 40,659	$ 40,340
Employee future benefits	1,889	1,888
Maintenance and supplies	6,697	5,950
Advertising, promotions and sponsorships	4,184	4,948
Food and beverage cost of goods sold	3,240	3,173
Lease and rental	2,960	2,265
Entertainment	2,050	1,869
Professional services	2,021	2,170
Other direct operating	5,988	5,478
	$ 69,688	$ 68,081

12. Taxes

SaskGaming is on the prescribed list of lottery corporations pursuant to Section 188 of *The Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SaskGaming calculates and remits GST according to a formula prescribed by the Canada Revenue Agency (CRA). The formula requires SaskGaming to pay 10 per cent on the purchase of goods and services related to gaming activities.

GST and provincial sales tax on leased equipment is expensed over the term of the lease. Also included in taxes are grants in lieu of property tax.

As a provincial Crown corporation, SaskGaming is not subject to federal or provincial income or capital taxes.

13. Finance Expense

(in 000s)	2012	2011
Interest on long term debt	$ 603	$ 705
Interest on finance lease obligation	752	767
	$ 1,355	$ 1,472

14. Pension Plan

Substantially all of SaskGaming's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors. The Plan sponsor is CIC. The Capital Pension Plan is registered under *The Income Tax Act* (Canada) and is governed by the Superintendent of Pensions (Saskatchewan) in accordance with *The Pension Benefits Act (1992)*. SaskGaming's financial obligation is limited to making the employer's required contributions for current service. During the year, SaskGaming expensed $1,889,000 (December 31, 2011 - $1,888,000) for the employer's required contributions.

15. Bank Indebtedness

SaskGaming has established a line of credit of $3 million with its financial institution. The line of credit is unsecured. Interest is charged on the line of credit at the bank's prime rate.

SaskGaming did not have any amount owing on the line of credit at December 31, 2012 (December 31, 2011 - nil).

16. Capital Management

SaskGaming's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of SaskGaming, and to ensure adequate returns to the shareholder.

SaskGaming funds its capital requirements through internal operating activities and debt. By Order-in-Council, SaskGaming may only borrow up to $56.2 million, which includes finance leases and temporary loans. SaskGaming also has an available line of credit of $3 million at a financial institution.

SaskGaming monitors capital on the basis of the debt to EBITDA (earnings before interest, taxes, depreciation and amortization) ratio. The ratio is calculated as total debt divided by EBITDA. Total debt includes long and short term debt and finance lease obligation. EBITDA is calculated as revenue less operating expenses.

For fiscal 2012, SaskGaming's goal is a debt to EBITDA ratio of 0.29.

The debt to EBITDA ratio is as follows:

(in 000s)	2012	2011
Long term debt	$ 12,107	$ 13,407
Finance lease obligation	7,262	7,428
Total debt	$ 19,369	$ 20,835
Revenue	$ 137,249	$ 134,582
Operating expenses	69,688	68,081
EBITDA	$ 67,561	$ 66,501
Debt to EBITDA ratio	0.29	0.31

In 2012, SaskGaming management changed how it monitors capital from the debt equity ratio to the debt to EBITDA ratio. In the Canadian gaming industry, paid in capital and retained earnings are impacted by Government Policy making debt equity ratio comparisons less meaningful. SaskGaming believes debt to EBITDA is a more appropriate measure for solvency.

17. Financial Risk Management

SaskGaming has exposure to the following risks from its use of financial instruments: market risk (foreign currency and interest rate risk), credit risk and liquidity risk.

a) Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of SaskGaming's risk management framework and is responsible for developing and monitoring SaskGaming's risk management policies.

SaskGaming's risk management policies are established to identify and analyze the risks faced by SaskGaming, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and SaskGaming's activities.

SaskGaming's Board of Directors oversees how management monitors compliance with SaskGaming's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by SaskGaming. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

b) Fair Value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The fair values of long term debt and finance lease obligation are estimated by discounting the expected future cash flows using the interest rate of a Government of Canada bond with similar terms, adjusted for an appropriate risk premium.

The following table presents the carrying amount and fair value of SaskGaming's financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

(in 000s)			**2012**		**2011**	
Financial Instruments	Classif-ication[1]	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	$ 10,583	$ 10,583	$ 13,221	$ 13,221
Accounts receivable	L&R	N/A	397	397	290	290
Trade and other payables	OFL	N/A	10,345	10,345	9,777	9,777
Payable to the General Revenue Fund	OFL	N/A	6,185	6,185	6,146	6,146
Dividend payable	OFL	N/A	5,455	5,455	5,366	5,366
Long-term debt	OFL	Level Two	12,107	12,792	13,407	14,471

[1]Classification:
FVTPL - Fair value through profit and loss
L&R - Loans and receivables
OFL - Other financial liabilities

c) Foreign Exchange Risk

SaskGaming faces exposure to the U.S./Canadian dollar exchange rate through the purchase of goods and services payable in U.S. dollars. The risk is not considered significant. There has been no change in the risk exposure from 2011.

d) Interest Rate Risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SaskGaming may be exposed to interest rate risk on future borrowings, however this risk is not considered significant. SaskGaming has not provided a sensitivity analysis of the impact of interest rate changes on net income as all of SaskGaming's debt is at fixed interest rates. There has been no change in the risk exposure from 2011.

e) Credit Risk

SaskGaming does not extend credit to its gaming customers. Credit risk is limited to its accounts receivable balance which consists primarily of credit extended to business entities for business functions held at the Show Lounge. Credit risk is not considered significant. There has been no change in the risk exposure from 2011.

f) Liquidity Risk

Liquidity risk is the risk that SaskGaming is unable to meet its financial commitments as they become due or can only do so at excessive cost. SaskGaming manages its cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of SaskGaming's financial liabilities.

At December 31, 2012
(in 000s)

		Contractual cash flows					
Financial Liabilities	Carrying Amount	Total	0-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Trade and other payables	$ 10,345	$ 10,345	$ 10,345	$ —	$ —	$ —	$ —
Payable to GRF	6,185	6,185	6,185	—	—	—	—
Dividend payable	5,455	5,455	5,455	—	—	—	—
Debt	12,107	13,272	952	952	7,903	3,465	—
Finance lease obligation	7,262	14,007	478	478	955	2,865	9,231
	$ 41,354	$ 49,264	$ 23,415	$ 1,430	$ 8,858	$ 6,330	$ 9,231

At December 31, 2011
(in 000s)

		Contractual cash flows					
Financial Liabilities	Carrying Amount	Total	0-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Trade and other payables	$ 9,777	$ 9,777	$ 9,777	$ —	$ —	$ —	$ —
Payable to GRF	6,146	6,146	6,146	—	—	—	—
Dividend payable	5,366	5,366	5,366	—	—	—	—
Debt	13,407	15,175	952	952	1,903	11,368	—
Finance lease obligation	7,428	14,925	450	468	955	2,865	10,187
	$ 42,124	$ 51,389	$ 22,691	$ 1,420	$ 2,858	$ 14,233	$ 10,187

Management believes its ability to generate funds will be adequate to support these financial liabilities. There has been no change in the risk exposure from 2011.

18. Related Party Transactions

The Corporation is indirectly controlled by the Government of Saskatchewan through its ownership of the Corporation's parent, Crown Investments Corporation of Saskatchewan. Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "government-related entities"). The Corporation has elected to take a partial exemption under IAS 24 Related Party Disclosures which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. For the year ended December 31, 2012, the aggregate amount of SaskGaming's transactions with other government-related entities is approximately 6.9% of direct operating expenses (December 31, 2011 – 5.8%).

In addition, SaskGaming pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SaskGaming also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance.

Other amounts and transactions due to and from related parties are described separately in these consolidated financial statements and the notes thereto.

Key Management Personnel Compensation

In addition to salaries, SaskGaming provides non-cash benefits to key management personnel, defined as the President, Vice-Presidents and Board members of SaskGaming. Key management personnel compensation is comprised of:

(in 000s)	2012	2011
Short term employee benefits	$ 1,450	$ 1,419
Post-employment benefits (defined contribution pension plan)	62	66
	$ 1,512	$ 1,485

Responsible Gaming

SaskGaming's responsible gaming efforts include mandatory training for all staff on how to identify possible signs of problem gambling. Responsible Gaming Information Centres are prominently located on the gaming floor at both Casino Regina and Casino Moose Jaw. Materials and support from Responsible Gaming Specialists help our guests make responsible choices about their play.

Governance

The Saskatchewan Gaming Corporation was established by *The Saskatchewan Gaming Corporation Act (1994)* with the mandate to establish and operate casinos in Saskatchewan. While originally a Treasury Board Crown, effective April 1, 2008, SaskGaming came under the direction of the Crown Investments Corporation of Saskatchewan (CIC).

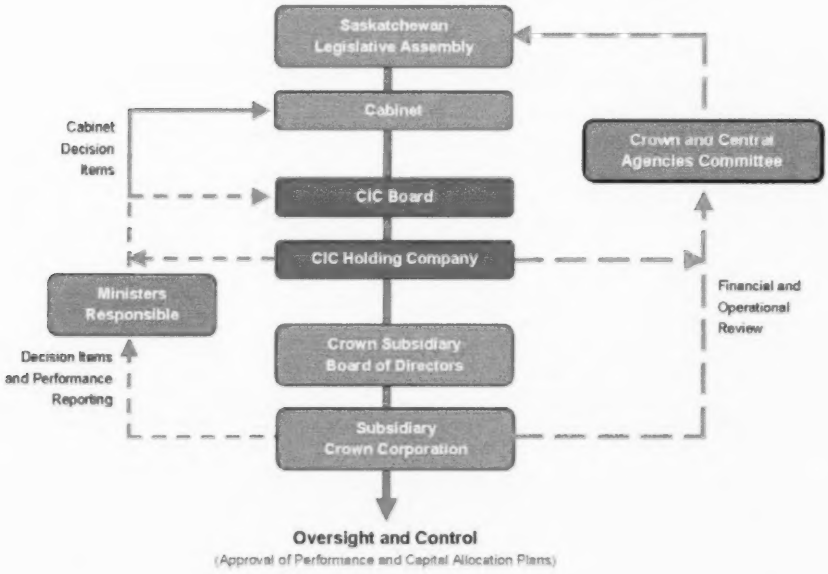
CIC is a holding company for Saskatchewan's commercial Crown corporations. CIC's main responsibilities are to establish the strategic direction for the subsidiary crowns through effective governance and performance management, and to enhance the province's long-term economic growth and diversification through Crown corporations.

SaskGaming is required to make payments to the province's General Revenue Fund sufficient to meet the government's legislated obligations to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund. SaskGaming also pays dividends to CIC.

SaskGaming operates Casino Regina and Casino Moose Jaw under the regulatory authority of the Saskatchewan Liquor and Gaming Authority. Day-to-day operating practices at the casinos are governed by provincial regulations. SaskGaming also operates in accordance with statutory provisions under the *Criminal Code of Canada and The Alcohol and Gaming Regulations Act, 1997*.

Shareholder Direction and Communication

The following figure illustrates the accountability structure for Crown Corporations.



Role of the Board of Directors

SaskGaming is responsible to the Government of Saskatchewan through a Minister and a Board of Directors appointed by Cabinet.

The Board of Directors functions as a steward of the Corporation, and has a statutory authority and an obligation to manage the affairs and the business of the Corporation. In satisfaction of this obligation, the Board provides oversight while delegating to Management the responsibility for the day-to-day operations of the Corporation. The fundamental objective of the Board is to act in the best interests of the Corporation, taking into account the public policy and business objectives of the Corporation, with a view to enhancing shareholder value.

Compensation Practices

Compensation rates for Directors are set by the Board of Directors of the Crown Investments Corporation of Saskatchewan. Directors may receive per diems or partial per diems when they are engaged in work for the Corporation consisting of the performance of any duties on behalf of the Corporation or as a member of a Committee of the Board, in addition to those provided for attendance at meetings of the Board and its Committees.

The CIC Board sets compensation rates according to the level of responsibility of the Board. The maximum per diem for members of the SaskGaming Board of Directors is $600 for the Chair and $500 per Director. Board expenses for the year ending December 31, 2012 totalled $174,851.

Code of Conduct

Members of the SaskGaming Board of Directors are governed by the CIC Code of Conduct for Directors of subsidiary Crown corporations. The CIC Code assists the boards of subsidiary crowns to more effectively fulfill their statutory and fiduciary obligations, and maintain a reputation for the highest standards of public trust and confidence in serving the interests of all stakeholders. The Governance and Human Resources Committee serves as Ethics Advisor to the Board, administers and enforces the CIC Code and reports annually to the Board on compliance with the Code.

Board Composition

The composition of the Board of Directors is set out in SaskGaming's governing legislation. The Board consists of not more than seven members, who are appointed by the Lt. Governor in Council. Three members of the SaskGaming Board are nominated by Federation of Saskatchewan Indian Nations and all Directors serve for no more than three years. Cabinet may fill any vacancy that occurs on the Board.

Committees

The Board has the authority to appoint any committees that it considers necessary for conducting the business of the Corporation. The Board has developed Terms of Reference prescribing the scope, duties and responsibilities of the committees it has appointed to assist it in fulfilling its obligations.

Audit and Finance Committee

The mandate of the Audit and Finance Committee is to assist the Board in meeting its responsibilities by ensuring the adequacy and effectiveness of the Corporation's financial reporting, internal controls, management information systems and risk management. The Audit and Finance Committee is directly responsible for the internal audit function, approving the internal audit charter, plan and resources and reviewing audit results. The Committee has responsibility to:

- Oversee the work of the Internal Auditor and External Auditor
- Approve the Internal Auditor's annual audit plan, including any significant mid-year changes to the plan
- Resolve any disagreements regarding accounting, internal controls or auditing matters
- Retain independent counsel, accountants or others to advise the Committee as required, or to assist in conducting an investigation
- Seek any information it requires from external parties or employees to conduct an investigation

The Audit and Finance Committee has the authority to authorize investigations into any matter referred to it by the Board, or any other matter within the Committee's scope of responsibilities. The Committee meets in-camera with the Corporation's Director of Internal Audit, as necessary, to better understand the information presented by Internal Audit, or any other relevant issues. The Committee also meets regularly with the appointed External Auditor.

The Committee met four times in 2012.

Members: Blair Ross (chair), Bonnie Wallin, Chief Michael Starr. Terry Lavallee, Wes Becker (Ex-Officio)

Governance and Human Resources Committee

The Governance and Human Resources Committee serves an advisory body to the Board, providing leadership to the Board in relation to governance processes, policies and principles of the Corporation, and assisting the Board in nominating potential candidates for positions on the Board. The Committee oversees SaskGaming's overall employment environment and is responsible for the Corporation's policies for human resource management, compensation and succession planning. The Committee also annually reviews the Corporation's diversity initiatives and monitors the Employee Code of Conduct Policy and other workplace policies.

The Committee also develops and reviews the effectiveness of the Corporation's corporate governance practices and annually reviews the Terms of Reference of the Board and its three committees. It serves as Ethics Advisor to the Board, administering and enforcing the CIC Directors' Code of Conduct and reporting annually to the Board on compliance with the Code.

In 2012, the Governance and Human Resources Committee held four meetings.

Members: Ron Bruck (Chair), Bonnie Wallin (Vice-Chair), Patricia Thomson, and Wes Becker (Ex-Officio).

Board of Directors

Wes Becker, Chair, of Regina, Saskatchewan retired from a career with CIBC having held various management positions, primarily within the bank's Commercial Banking division. Prior to retirement Mr. Becker acted as the Program Director for the Agricultural Value-Added Loan Program, a partnership between CIBC, FCC and Western Economic Diversification. A fellow of the Institute of Canadian Bankers Professional Banking Program, Mr. Becker has served as Chair of Saskatchewan Gaming Corporation since April 1, 2008.

Blair Ross, Vice Chair (Chair, Audit and Finance Committee), of Regina, Saskatchewan is co-founder of SRG Security Resource Group Inc., a Saskatchewan-based security firm providing investigation, security patrol, 24 CCTV real-time monitoring and information technology security services across Western Canada. He has over 22 years of experience in business, the majority of which was gained in the private security industry. In those 22 years he has built and managed security operations from the ground up. He has managed the security personnel at large scale events (e.g. the Pan American Games in Winnipeg) across Western Canada. A recipient of an Honourary Lifetime Big Brother award for his volunteer commitment, he also has co-chaired the CTV Sandra Schmirler Charity Golf Classic.

Board of Directors Standing (left to right):
Blair Ross, Terry Lavallee, Ron Bruck, Dale Bloom (CIC Corporate Secretary), Chief Michael Starr, Wes Becker

Seated (left to right): Bonnie Wallin, Patricia Thomson

Ron Bruck (Chair, Governance and Human Resources Committee) of Moose Jaw, Saskatchewan served with the Royal Canadian Mounted Police throughout Saskatchewan, including eight years as Sergeant and Detachment Commander in Moose Jaw, before retiring in 2006. Mr. Bruck was awarded the RCMP's 35-year Long Service Medal Gold Clasp, the Commanding Officer's Commendation, the Queen's Golden Jubilee Medal and the Saskatchewan Protective Services Medal. His past and present volunteer activities include Boy Scouts Canada, the Saskatchewan Minor Hockey Association, the Royal Canadian Legion, Rural Crime Watch, Neighbourhood Watch, Moose Jaw Regional Inter-Sectoral Committee and Victim Services' Board of Directors.

Bonnie Wallin of Wadena, Saskatchewan has spent the past 30 years working with adults with intellectual disabilities. She is recently retired and is a past member of the Saskatchewan Association of Rehabilitation Centre's Board of Directors. She has also served as a member of the SGI Board of Directors. She is a former Chair of the Wadena Economic Development and Tourism Committee, a past Worthy Matron of the Order of the Eastern Star (Wadena chapter) and is an active member of the Royal Canadian Legion and Chair of the Wadena Community Cares Foundation.

Patricia Thomson, a member of Carry the Kettle First Nation, is a wife, mother and grandmother. She is currently employed with Yorkton Tribal Council as the Director of Operations. She has an extensive background in the areas of program management, development, implementation and delivery of First Nations services. She has worked her way from the front line delivery of services to development and implementation of a wide range of services impacting First Nations people within the First Nations, provincial and federal governments. She has served on numerous boards locally, regionally and nationally and continues to offer input into approaches that are sensitive to the needs of First Nations people, by fostering relationships and building trust and understanding among partners.

Chief Michael Starr of the Starblanket First Nation represents File Hills Qu'Appelle Tribal Council on the Indian Gaming Regulators' (IGR) Board of Directors. He formerly served five conservative three-year terms on council where his primary work was in the area of education, sports and recreation and youth. Chief Starr encourages and promotes the treaty principles among youth, stating, "They are our future leaders and knowledge keepers." Chief Starr has been very active in sports, particularly hockey, and continues his physical fitness with outdoor biking. In addition to outdoor sporting activities, Chief Starr lives a non-intrusive lifestyle by attending traditional ceremonies and spending quality time with his family.

Terry Lavallee was raised on the Cowessess First Nation where he attended school at Cowessess and Broadview, and graduated from Sheldon Williams High School in Regina. After leaving home, he spent time in Toronto where he organized cultural activities and founded a cultural dance group called "Indian Canada." Other accomplishments have included: conducting audio-visual programming at the University of Alberta and Muskwachee Cultural College in Hobbema, Alberta; and organizing and maintaining a provincial sports organization in Alberta. He attended the University of British Columbia and the University of Alberta. On the national level, Mr. Lavallee was a member of the Council of Aboriginal Leaders for the Bank of Montreal, and he is a member of the National Environment Committee. He also served on the board of the Saskatchewan Indian Federated College. He also has his own Red Thunder consulting firm. Mr. Lavallee has a Bachelor of Arts degree in Political Science and Administration from the University of Regina.

Governance Practices

SaskGaming's approach to corporate governance is substantially consistent with the guidelines set out in the Canadian Institute of Chartered Accountants (CICA) Handbook and the Canadian Securities Administrators (CSA) National Policy 58-201 – Corporate Governance Guidelines, and National Instrument 58-101 – Disclosure of Corporate Governance Practices.

The National Policy and National Instrument address the key areas of responsibility for effective corporate governance, including responsibility for stewardship of the Corporation, the Board's role in working with management and the functioning of the Board. Although SaskGaming is not legally obligated to comply with CSA governance guidelines, the Corporation has benchmarked its corporate governance practices against the CSA National Policy and National Instrument Guidelines in the following corporate governance scorecard.

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
1. Board of Directors Composition The Board should have a majority of independent directors.	There are seven members on the SaskGaming Board appointed by the Lieutenant Governor in Council. The Federation of Saskatchewan Indian Nations nominates three Board members, and the provincial Cabinet appoints four members. All directors are independent.	Yes
Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors):	Saskatchewan Gaming Corporation, as a statutory Crown corporation does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to SaskGaming.	Not Applicable
(a) Disclose the identity of directors; and (b) Describe who is independent and the basis for the determination of independence.	Wes Becker, Chair: Independent, retired banker. Blair Ross, Vice-Chair: Independent, President and COO, co-founder of SRG Security Resource Group. Ron Bruck, Independent, retired RCMP officer. Bonnie Wallin, Independent, retired CEO of Mallard Diversified Services Inc. Patricia Thomson, Independent, Director of Operations Yorkton Tribal Council, FSIN appointee. Michael Starr, Independent, Chief of the Starblanket First Nation, FSIN appointee. Terry Lavallee, Independent, consultant, FSIN appointee. None of the directors or their "associates" have material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as Directors or Committee members or as Directors of subsidiaries of the Corporation. FSIN appointees, Lindsay Kequahtooway, Ron Martin and Kevin Missens were members of the board until February 29, 2012.	Yes
(c) Indicate whether directors are directors of any other issuer that is a reporting issuer	SaskGaming does not have share capital, and therefore is not an issuer.	Not applicable

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(d) Do directors hold regularly scheduled in-camera meetings to facilitate open and candid discussion? If so, how many meetings were held in the previous 12 months?	At each regular meeting the Board sets aside time on the agenda for an in-camera session where management is excused from the meeting. The Board held nine meetings in 2012.	Yes
(e) The chair should be independent to provide leadership for the directors.	The Board structure of SaskGaming is such that the Chair of the Board is independent.	Yes
(f) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.	The following are the attendance statistics for Board meetings: Director — Board Meetings Attended Wes Becker — 9 Blair Ross — 9 Ron Bruck — 9 Bonnie Wallin — 9 Patricia Thomson — 8 Michael Starr — 8 Terry Lavallee — 8 Lindsey Kequoahtooway* — 1 Ron Martin* — 1 Kevin Missens* — 1 For the purposes of this report, members who attended meetings in part were considered to be present. *Appointments expired February 29, 2012	Provided
2. Board Mandate The board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the Corporation and which delineates its roles and responsibilities, including responsibility for:	The Board has written Terms of Reference that set out its responsibility to function as stewards of the Corporation, and the obligation to manage the affairs and business of the Corporation. While the fundamental objective of the Board is to act in the best interests of the Corporation, the Board has a responsibility to ensure congruence among shareholder expectations, corporate plans and management performance. Terms of Reference are available to the public on the corporate website. The Board adopts an Annual Work Plan to ensure the duties and responsibilities identified in the Terms of Reference are scheduled to be achieved.	Yes
(a) Satisfaction regarding the integrity of the Chief Executive Officer (CEO) and executive and the creation of a culture of integrity;	The CEO and executive act in accordance with the governing legislation, the Corporation's Code of Business Conduct and Ethics Policy and Board Terms of Reference which are available to the public on the corporate website. The Board has approved the "Integrity Matters" policy which provides a mechanism for anonymous internal reporting of actual or potential business misconduct. Each of the committees established by the Board has its own Terms of Reference, which are available on the Corporate website. Board members are also governed by the CIC Code of Conduct for Directors.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(b) The adoption of a strategic planning process and approval of a strategic plan that takes into account, among other things, the opportunities and risks of the business;	SaskGaming has an integrated strategic planning process using the balanced scorecard methodology to build clarity about the strategic direction, ensure alignment with shareholder priorities, and to translate that direction into a results-focused, actionable performance plan. At the beginning of the process the Board of Directors engaged in a strategic planning event to review the environmental scan, determine the risks and impact on the Corporation and the shareholder, and determine a set of priorities for action over the next three to five years.	Yes
(c) The identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;	Management and the Board developed an integrated Enterprise Risk Management Framework in 2009 that integrated the Corporation's risk management program into its annual planning process. Risk is an important responsibility for the Board. It receives and discusses reports on corporate wide risks and mitigation strategies quarterly. It receives a quarterly report on compliance with gaming regulations and instituted a quarterly compliance certificate process for the President and CEO in 2012.	Yes
(d) Succession planning, including appointing, training and monitoring senior management;	The Board is responsible for succession planning, and established the Governance and Human Resources Committee to approve and/or recommend the Corporation's HR policies, guidelines, procedures and systems, and to report changes in policies to the Board. SaskGaming has a workforce plan to ensure the Corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Corporate Learning and Development Plan, through which we manage the development of desired competencies. SaskGaming has a Succession Planning Framework that helps the organization meet its current and long-term needs, and ensures that SaskGaming can meet its business plan goals.	Yes
(e) A communications policy for the Corporation;	Saskatchewan Gaming Corporation is committed to the principles of transparency, openness and timeliness in communications with its owner, employees, stakeholders and the public. The Corporation complies with communication requirements set by the shareholder. The Board approved a communications policy in 2009.	Yes
(f) The integrity of the Corporation's internal control and information management systems;	The Board has a responsibility to ensure the Corporation operates in a businesslike and financially responsible way. The Board has appointed an Audit and Finance Committee to assist the Board in fulfilling its responsibilities with respect to the adequacy and integrity of the Corporation's financial reporting, internal control systems, risk management and relationship with external auditors. The Audit and Finance Committee reviews the Corporation's Information Technology Plan annually.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(g) Development of approach to corporate governance, principles and guidelines;	The Governance and Human Resources Committee is mandated through its Terms of Reference to be responsible to the Board for the development, review and effectiveness of SaskGaming's corporate governance practices. The Committee also serves as the ethics advisory to the Board. SaskGaming undertook a comprehensive review of the Board's and Board Committee's Terms of Reference in 2012. The Framework includes decision-making protocols, accountabilities and relationship management with our external stakeholders. Revised Terms of Reference for Board and Committees are available in the Corporate Governance section of the website.	Yes
(h) General mandate re: stakeholder relations, and expectations and responsibilities of directors.	The duties of Directors are set out in legislation. A Code of Conduct applicable to the directors of all subsidiary Crown corporations also guides members of the Board. The primary responsibility of the Board of Directors is to foster the long-term success of the Corporation consistent with the Board's responsibility to its shareholder. The Chair of the Board participates in a CIC Chairs forum conducted by the statutory shareholder, where feedback and communication is provided to all Crown Corporation Board Chairs on the expectations of the Holding Company as representatives of the shareholder. Building on the base of directors' duties outlined in legislation, the Terms of Reference for the Board and its Committees are reviewed annually.	Yes
3. Position Descriptions (a) The board should develop position descriptions for the chair of the board and chair of each board committee;	The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which sets out the duties and responsibilities of each.	Yes
(b) Together with the CEO, develop a position description for the CEO delineating management's responsibilities and approving corporate goals and objectives that the CEO is responsible to meet.	The Board has developed the Board's Terms of Reference which outline the responsibilities of the Board and Management. The Board has approved a position description that sets out the primary duties, responsibilities and accountabilities of the CEO. The Board has also approved policies for expenditure authorities for the CEO and Executive Officers. These policies clearly outline the limits of their authorities and the levels for which matters must receive Board approval. The Board reviews and approves the annual Management Performance Plan, Balanced Scorecard targets and budget.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
4. Orientation and Continuing Education The Board should ensure new directors receive comprehensive orientation and fully understand the role and the contribution they are expected to make; and, the Board should provide continuing education opportunities for all directors.	The Governance and Human Resources Committee has responsibility to provide an appropriate orientation program for new directors and a continuing education program for all directors. Directors receive an orientation to the Corporation and the industry from Management. CIC delivers a comprehensive training program for directors focusing on best governance practices and the Board's role and responsibilities.	Yes
5. Code of Business Conduct and Ethics (a) The board should adopt a written code of business conduct and ethics applicable to directors, officers and employees of the Corporation which is designed to promote integrity and deter wrongdoing. The code should address conflicts of interest, protection, proper use of corporate assets and opportunities, confidentiality, fair dealing, compliance with laws, rules and regulations and provide a mechanism to report illegal or unethical behavior.	Directors of the Corporation are required to abide by CIC's Directors' Code of Conduct. The Governance and Human Resources Committee, as the Ethics Advisor to the Board, is required to administer, monitor and enforce the Directors' Code of Conduct, which includes reporting annually to the Board concerning compliance. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination of their independence. The Governance and Human Resources Committee annually reviews the enforcement of and compliance with corporate policies related to employee conduct, harassment and violence in the workplace.	Yes
(b) The board should monitor compliance with the code and grant any waivers required for directors and executive officers. Any waivers for a material departure from the code for any directors or officers should be granted by the board.	The Governance Committee monitors and reports annually to the Board concerning compliance with the CIC Directors' Code of Conduct. The Committee also advises Directors on conflicts of interest, including actions for avoiding a conflict or potential conflict of interest. No waivers were granted in 2012.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
6. Nomination of Directors (a) The board should appoint a nominating committee composed of entirely independent directors, with a written charter establishing the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure and operations.	SaskGaming does not have a separate nominating committee; however, SaskGaming's Governance and Human Resources Committee performs the function of a nominating committee. As stated in the Terms of Reference, the Committee will, in compliance with the Crown Investments Corporation Board of Directors Appointment Policy, review potential candidates and recommend approval of qualified candidates to the Board for consideration by the CIC Board of Directors. The Committee also reviews and recommends a candidate for appointment of Chair of the Board, reviews and makes recommendations regarding the composition of the Board and the Committees and reviews and recommends appropriate Committee structure. All of the Governance and Human Resources Committee members are independent.	Yes
(b) The board should adopt a nomination process which first considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and, identifies competencies and skills each new nominee would bring to the board, including the ability to devote sufficient time and resources to the job.	The Governance and Human Resources Committee is responsible for assessing the skills and competencies of Board and committee members to support the strategic direction and the operational needs of the Corporation. The Board may make recommendations to the shareholder respecting the appropriate mix of skills, qualifications and expertise required for new directors. The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties, responsibilities and expectations of each position. (For reference: The Saskatchewan Gaming Act requires appointment of directors through Order-in-Council, and limits the Board to recommend candidates only.)	Yes
7. Compensation (a) The board should appoint a compensation committee composed entirely of independent directors, with a written charter to establish the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure, operations and manner of reporting to the board.	The Board has appointed a Governance and Human Resources Committee, which has responsibility to make recommendations to the Board on human resource and compensation-related matters. Written Terms of Reference prescribe the scope, duties and responsibilities of the Committee. The Committee has been given the authority to retain any outside advisor it deems necessary. The Board monitors and evaluates the performance of the CEO on an ongoing basis. The Governance and Human Resources Committee conducts an annual performance review of the CEO. The Governance and Human Resources Committee is comprised of independent directors.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(b) The compensation committee should be responsible for reviewing and approving corporate goals and objectives relative to the CEO's compensation, the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on the evaluation; as well as reviewing executive compensation prior to public disclosure.	The Governance and Human Resources Committee annually reviews and recommends to the Board the performance objectives, work plans and development plans for the President and CEO for the upcoming year. The Committee, with the Chair of the Board, conducts an annual performance review of the President and CEO, based on agreed-upon objectives and developmental initiatives, which are approved by the Board and updated each year. The Committee shares the results of the annual performance review with the Board. The Committee reviews the President and CEO Position Profile as required, or at least every three years, and recommends any amendments to the Board for approval. The Committee monitors and annually reviews the compensation and benefit programs and policies for the Executive Officers. The Committee reviews and recommends to the Board, where appropriate, any changes to the compensation levels for the President and CEO or Executive Officers. The Committee and the Board have a responsibility to annually review the details of compensation paid to Executive Officers that are required to be reported in the Crown Payee Disclosure Report.	Yes
(c) The compensation committee should be responsible to make recommendations to the board with respect to director compensation.	Compensation levels for Directors, the Chair of the Board and Committee Chairs are set by the CIC Board of Directors.	Yes
8. Other Board Committees Identify standing committees other than audit, compensation and nominating, and describe their function.	The Board has the authority to appoint any committee it considers necessary for the efficient conduct of the affairs and business of the Corporation. The Governance and Human Resources Committee serves as a nominating committee to the Board.	Yes
9. Board Assessments The Board, its committees and each individual director should be regularly assessed with respect to their effectiveness and contribution in terms of the board or committee's terms of reference, or an individual director's position description and competencies and skills.	The Board follows a process to evaluate the performance of the Board, Board Chair, Committees, Committee Chairs and individual Directors. Evaluations are conducted bi-annually, with the Board and Board Chair evaluated one year, and the Committees, Committee Chairs and directors evaluated in alternate years.	Yes

Executive Team

Twyla Meredith, CMA, FCMA, President and CEO, joined SaskGaming in 1996 as the Chief Financial Officer and was appointed as the President and CEO in 2009. Ms. Meredith has a Bachelor of Administration from the University of Regina and is a Certified Management Accountant. In 2009, Ms. Meredith was named a Fellow of the Society of Management Accountants of Canada.

Gerry Fischer, Senior Vice President, Operations joined Casino Regina in 1995 as Director of Sales and Promotions, and became Vice President of Marketing the following year. He has provided leadership to Operations since 2005 and holds a BA (Advanced) in Economics and a Bachelor of Administration from the University of Regina.

Tony Coppola, Senior Vice President, Finance and Administration joined SaskGaming in 2006. Mr. Coppola's career has included leadership positions in business development, strategic planning, marketing and finance. He holds a BA Honours in Economics from the University of Regina, a Master's degree in Economics from Simon Fraser University, and is a Certified Management Accountant.

SaskGaming Executive (left to right): Bob Arlint, Blaine Pilatzke, Susan Flett, Gerry Fischer, Twyla Meredith, Tony Coppola

Bob Arlint, Vice President, Corporate Risk and Compliance, completed his education in the Northwest Territories before studying Social Work at Red Deer College. Mr. Arlint served with the RCMP for 25 years before joining SaskGaming in 2001 as a Gaming Control Officer. He was named Vice President, Security in 2006.

Blaine Pilatzke, Vice President, Human Resources, brings 17 years of experience in labour relations to SaskGaming. He joined the corporation in 2004 as Director of Labour Relations and was appointed Vice President of Human Resources and Aboriginal Relations in 2007.

Susan Flett, Vice President, Marketing and Corporate Relations, joined SaskGaming in 2000 as the Director of Player Relations, and in 2005 became Director of Marketing. She was appointed to her current position in May 2010.
Ms. Flett completed her Bachelor of Administration at the University of Regina, holds a Queen's University Certificate in Human Resource Management and completed the Executive Leadership Program at Queen's University.

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Guest Experience Excellence			
Mystery Shopper Score Lead indicator Measured quarterly Lead: Operations	Mystery Shopper Score rates casino employee ability to provide customer service related to the following four dimensions of the new 'Game On' customer service philosophy: • Greeting guests; • Anticipating guest needs; • Meeting guest needs; and • Engaging guests.	Objectively measures service quality provided by casino employees in the opinion of service quality experts.	Measured quarterly, an external consultant conducts a series of transactions with employees to quantitatively and qualitatively measure their service experience against the four service dimensions of the 'Game On' service philosophy using a five-point scale. The consultant uses a pre-planned checklist of service actions and behaviors to rate each dimension. The scores from Casino Regina (CR) and Casino Moose Jaw (CMJ) are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).
Guest Satisfaction Survey Lead indicator Measured quarterly Lead: Marketing	The corporation measures three aspects of Guest Satisfaction: Service, Products and Property. An average score is calculated for CR and CMJ.	Objectively measures guests overall satisfaction with their casino experience.	Exit surveys are conducted on a quarterly basis as guests are leaving the properties. Guests are asked to rate their satisfaction, on a scale of 1 to 10, on a series of questions on employee service, product delivery and property attributes. The scores from CR and CMJ are weighted on an 80/20 basis.
Guest Opinion about Safety on Premises Lag Indicator Measured Quarterly Lead: Corporate Risk and Compliance	A measure of casino visitors' opinion of personal safety measures.	SaskGaming is committed to ensuring the safety of employees and patrons. Security and integrity is a pillar of SaskGaming's Corporate Social Responsibility Framework.	Exit surveys are conducted on a quarterly basis. Guests are asked to rate their satisfaction, on a scale of 1 to 10, with personal safety measures at Casino Regina and Casino Moose Jaw. The scores from CR and CMJ are weighted on an 80/20 basis.

Measure	Description	Purpose	Methodology
Employee Experience Excellence			
Employee Satisfaction Lead Indicator Measured Quarterly Lead: Human Resources	Measures SaskGaming employees' level of satisfaction with their work environment.	The purpose of the survey is to confirm or discover what motivates employees, what drives loyalty and what keeps employee happy in order to increase staff retention.	SaskGaming will implement the survey bi-annually. The results will be reviewed by an internal committee to determine the responses and actions that are required. The Employee Satisfaction Survey is based on the National Business Research Institute's (NBRI) employee survey.
Service Component of Guest Satisfaction Lead Indicator Measured Quarterly Lead: Operations	The corporation measures three aspects of Guest Satisfaction: Service, Products and Property. This is simply the Service component of that survey. An average score is calculated for CR and CMJ.	Objectively measures service quality provided by casino employees in the opinion of guests. This measure is a proxy for the effectiveness of SaskGaming's hiring and training programs.	Exit surveys are conducted as guests are leaving the properties. Guests are asked to rate their satisfaction, on a scale of 1 to 10, a specific question regarding the overall satisfaction with the service received from casino staff across 11 areas of service. The scores from CR and CMJ are weighted on an 80/20 basis.
Core Training (New) Lag Indicator Measured Quarterly Lead: Human Resources	This measure indicates the share of employees who have completed the seven core training modules within SaskGaming's Core Learning Program: • Orientation • Access to Information & Privacy • Health & Safety for New Workers • FinTrac Level I • Diversity and Inclusion in the Workplace • Respectful Workplaces • Responsible Gaming Level I	Objectively measure the share of SaskGaming's workforce who have completed their basic training. Complements the Service Component of Guest Satisfaction measure above, which measures training effectiveness in terms of the quality of service provided to guests.	Core Training is calculated an average across all employees. Individual % = (# of Modules Completed/7) x 100 Core Training % = sum of all Individual %/# of employees

Measure	Description	Purpose	Methodology
Employee Experience Excellence			
Employee Safety Lag Indicator Measured Quarterly Lead: Human Resources	SaskGaming's total injury rate is provided by Worker's Compensation Board (WCB) and is based upon the number of reported injuries. It is calculated as the percentage of total injuries per 100 employees. This indicator represents an injury frequency rate whereby the optimal rate is 0%. SaskGaming is benchmarked against other comparable businesses within the same industry.	Effective May 2011, SaskGaming implemented its Occupational Health and Safety (OHS) Policy to establish its commitment to maintaining a safe and healthy work environment for its employees.	Injury Frequency Rate Calculation: Total Workplace Injury Rate = [(Total New Injury Claims Accepted by WCB)/ (Total # of Workers covered by WCB)]. Notes: the rate is calculated per 100 workers. Additionally, the number of workers is expressed as full-time equivalents, which is calculated by dividing reported payroll by the average weekly wage. The rate is also annualized each quarter to provide a common benchmark for the balanced scorecard.
Aboriginal Representation Lead Indicator Measured Quarterly Lead: Human Resources	This measure focuses our employee attraction and retention efforts to achieve 50% Aboriginal representation. SaskGaming also works toward meeting other Saskatchewan Human Rights Commission designated work group targets.	A measure of diversity of SaskGaming's workforce.	Using information from the HR system, a percentage is calculated for each diversity group (number of diversity group employees within a group divided by total number of employees).

Measure	Description	Purpose	Methodology
Social Responsibility			
Guest Awareness of Responsible Gaming Lag Indicator Measured Quarterly Lead: Corporate Risk and Compliance & Marketing and Corporate Relations	A measure of casino visitors' awareness of the responsible gaming information and support programs we offer.	SaskGaming is committed to offering casino entertainment in a socially responsible manner. This includes providing all guests with information and education about the casino environment so they can make informed, responsible choices about their play. Responsible gaming is a pillar of SaskGaming's Corporate Social Responsibility Framework.	Exit surveys are conducted on a quarterly basis as guests are leaving the properties. Guests are asked "Are you aware of any responsible gaming programs or advertised campaigns support by SaskGaming and Casino Regina/Moose Jaw?" Respondents answer using a 5-point Likert Scale answer format (i.e. respondents choose an answer from 'very aware','aware', 'somewhat aware', 'not aware' and 'unsure'). The measure sums all the respondents who indicated they are somewhat aware, aware, or very aware. The scores from CR and CMJ are weighted on an 80/20 basis.
Public Opinion of Community Support Lag Indicator Measured Annually Lead: Communications and Corporate Relations	A measure of public opinion within the Casino Regina and Casino Moose Jaw market areas of our performance in supporting and giving back to the community.	SaskGaming is committed to enhancing the quality of life for Saskatchewan people. This includes reaching out to communities with support, volunteerism and sponsorship of worthwhile events and organizations. Community support is a pillar of SaskGaming's Corporate Social Responsibility Framework.	As part of an online, web-based provincial survey, people in the Regina and Moose Jaw areas are asked "How well is SaskGaming doing at giving back to the community through charitable or community donation and sponsorships?" Respondents answer using a 5-point Likert Scale answer format (i.e. respondents choose an answer from 'very well',' well', 'somewhat well', 'not well' and 'unsure'). The measure sums all the respondents who indicated that the casinos do somewhat well, well, or very well. The scores from CR and CMJ are weighted on an 80/20 basis.

Measure	Description	Purpose	Methodology
Social Responsibility			
Aboriginal Sponsorship Lag Indicator Measured Annually Lead: Communications and Community Relations.	The percentage of SaskGaming's sponsorship expenditures that are directed to Aboriginal individuals, organizations or programs.	SaskGaming is targeting a specific percentage of its annual sponsorship expenditures toward Aboriginal people. The corporation's Community Giving strategy states that it will place a priority on supporting initiatives that positively influence the lives of Aboriginal people, and/or support improved education and pre-employment training for Aboriginal people who reside near its core communities.	Percentage of SaskGaming's total sponsorship and through its Community Giving program that are directed to Aboriginal individuals, organizations or programs. Organizations or programs applying for sponsorships will be asked to identify whether their project/event targets or benefits Aboriginal people.
Green House Gas Emissions Lag Indicator Measured Annually Lead: Finance and Administration	The goal of this initiative was to reduce GHG emissions by 20% by 2020 (at CR). SaskGaming completed its baseline assessment in 2008 with 9,673 tonnes of GHG emissions, including chlorofluorocarbons (CFC's), water, power, fuel and gas consumption.	This measure will track SaskGaming's performance in reducing its GHG emissions relative to the base year established in 2008.	Two GHG reduction calculations: 1. Annual target for GHG emissions at Casino Regina (expressed in tonnes). To determine the annual reduction in levels, subtract the current year level from the prior year level with the exception of 2012 (subtract the 2012 level from the 2008 baseline); and 2. Cumulate Percentage Reduction = [(2008 Base Year (9,673) - annual target level)/9,673]x 100

Measure	Description	Purpose	Methodology
Sustainable Corporation			
Guest Count Lead Indicator Measured Daily Lead: Marketing	Guest count measures the number of guests visiting CR and CMJ annually.	Guest count measures are used to evaluate the success of attraction programming, including promotions, to establish revenue targets and calculate profitability of Players Club states.	Guest count is calculated using sensors in the entrance areas that count the number of times the doors are opened. One guest visiting three times counts as three guests.
Net Revenues Lag Indicator Measured quarterly Lead: Finance and Administration	A measure of revenue growth over time	Net revenues measure how effective the corporation is at generating after adjusting for promotional incentives to incent guests to increase their guest spend	Net revenues = gross revenues – promotional allowances and internal charges
Income before Payment to GRF Lag indicator Measured quarterly Lead: Finance and Administration	A measure of profitability over a period of time.	Net income is typically used by investors and lenders as a determination of the firm's profitability. As such, this measure shows income before payment to the GRF. The payment is a distribution of income, similar to dividends being paid by a private corporation.	Net revenues = gross revenues – promotional allowances and internal charges
EBITDA Margin Lag indicator Measured quarterly Lead: Finance and Administration	SaskGaming has chosen to use Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) as an operational efficiency measure.	EBITDA margin is used by investors and lenders as a determination of the firm's profitability.	Earnings before indirect expenses divided by revenue expressed as a percentage.

Measure	Description	Purpose	Methodology
Sustainable Corporation			
Debt EBITDA (DE) Ratio Lag Indicator Measured Quarterly Lead: Finance & Administration	This provides an estimate of the minimum length of time it could take SaskGaming to repay its long-term debt from operating income.	It measures the organization's capacity to repay long-term debt on a timely basis. SaskGaming worked with an industry consultant to arrive at its decision to use a Debt/EBITDA Ratio rather than a Debt/ Equity Ratio. This is a more appropriate measure as the capital investment in SaskGaming is relatively small and the Corporation does not retain significant earnings.	DE = Long-term debt/EBITDA
Capital Asset Turnover (CAT) Ratio Lag Indicator Measured annually Lead: Finance and Administration	Represents SaskGaming's ratio of revenues to capital assets.	The casino gaming industry is capital intensive. The CAT Ratio measures SaskGaming's effectiveness at generating revenues from its capital assets (investments).	CAT = Revenue/Capital Assets
Payroll Margin Lag indicator Measured quarterly Lead: Finance and Administration	Measures the ratio of payroll to revenue	Payroll is a significant operating cost of a casino. Payroll margin indicates if the use of payroll is efficient and effective, ensuring the financial success of the operation.	Payroll Margin = Total Payroll/ Revenue